

18-039

ORIGINAL

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

OCT 16 2013

Facility/Project Identification

Facility Name: Fresenius Kidney Care Grayslake
Street Address: Lot 2, SEC Rt. 120 at Rt45, PIN # 07631106006
City and Zip Code: Grayslake 60030
County: Lake Health Service Area: 8 Health Planning Area:

HEALTH FACILITIES & SERVICES REVIEW BOARD

Applicant(s) [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name: Fresenius Medical Care Grayslake, LLC d/b/a Fresenius Kidney Care Grayslake
Street Address: 920 Winter Street
City and Zip Code: Waltham, MA 02451
Name of Registered Agent: CT Corporation Systems
Registered Agent Street Address: 208 S. LaSalle Street, Suite 814
Registered Agent City and Zip Code: Chicago, IL 60604
Name of Chief Executive Officer: Bill Valle
CEO Street Address: 920 Winter Street
CEO City and Zip Code: Waltham, MA 02451
CEO Telephone Number: 800-662-1237

Type of Ownership of Applicants

- Non-profit Corporation
For-profit Corporation
Limited Liability Company
Partnership
Governmental
Sole Proprietorship
Other

- Corporations and limited liability companies must provide an Illinois certificate of good standing.
Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT 1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Co-Applicant [Provide for each applicant (refer to Part 1130.220)]

01595

Exact Legal Name: Fresenius Medical Care Holdings, Inc.
Street Address: 920 Winter Street
City and Zip Code: Waltham, MA 02451
Name of Registered Agent: CT Corporation Systems
Registered Agent Street Address: 208 S. LaSalle Street, Suite 814
Registered Agent City and Zip Code: Chicago, IL 60604
Name of Chief Executive Officer: Bill Valle
CEO Street Address: 920 Winter Street
CEO City and Zip Code: Waltham, MA 02451
CEO Telephone Number: 800-662-1237

Type of Ownership of Co-Applicant

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
<input checked="" type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

Primary Contact [Person to receive ALL correspondence or inquiries]

Name:	Lori Wright
Title:	Senior CON Specialist
Company Name:	Fresenius Medical Care North America
Address:	3500 Lacey Road, Suite 900, Downers Grove, IL 60515
Telephone Number:	630-960-6807
E-mail Address:	lori.wright@fmc-na.com
Fax Number:	630-960-6812

Additional Contact [Person who is also authorized to discuss the application for permit]

Name:	Teri Gurchiek
Title:	Vice President of Operations
Company Name:	Fresenius Medical Care North America
Address:	3500 Lacey Road, Downers Grove, IL
Telephone Number:	630-960-6770
E-mail Address:	teri.gurchiek@fmc-na.com
Fax Number:	630-960-6806

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-**THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960**]

Name:	Lori Wright
Title:	Senior CON Specialist
Company Name:	Fresenius Medical Care North America
Address:	3500 Lacey Road, Suite 900, Downers Grove, IL 60515
Telephone Number:	630-960-6807
E-mail Address:	lori.wright@fmc-na.com
Fax Number:	630-960-6812

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Health Property Services, Inc.
Address of Site Owner: 920 Winter Street, Waltham, MA 02451
Street Address or Legal Description of the Site: Lot 2, SEC Rt. 120 at Rt45, PIN # 07631106006 (approximately 1817-1863 Belvidere Road)
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.
APPEND DOCUMENTATION AS ATTACHMENT 2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility and insert after this page.]

Exact Legal Name: Fresenius Medical Care Grayslake, LLC d/b/a Fresenius Kidney Care Grayslake								
Address: 920 Winter Street, Waltham, MA 02451								
<table> <tr> <td><input type="checkbox"/> Non-profit Corporation</td> <td><input type="checkbox"/> Partnership</td> </tr> <tr> <td><input type="checkbox"/> For-profit Corporation</td> <td><input type="checkbox"/> Governmental</td> </tr> <tr> <td><input checked="" type="checkbox"/> Limited Liability Company</td> <td><input type="checkbox"/> Sole Proprietorship</td> </tr> <tr> <td></td> <td><input type="checkbox"/> Other</td> </tr> </table> <ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 	<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship		<input type="checkbox"/> Other
<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership							
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental							
<input checked="" type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship							
	<input type="checkbox"/> Other							
APPEND DOCUMENTATION AS ATTACHMENT 3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.								

Organizational Relationships

Provide (for each applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT 4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2006-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements, please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition, please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2006-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS **ATTACHMENT 5**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS **ATTACHMENT 6**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.20 and Part 1120.20(b)]

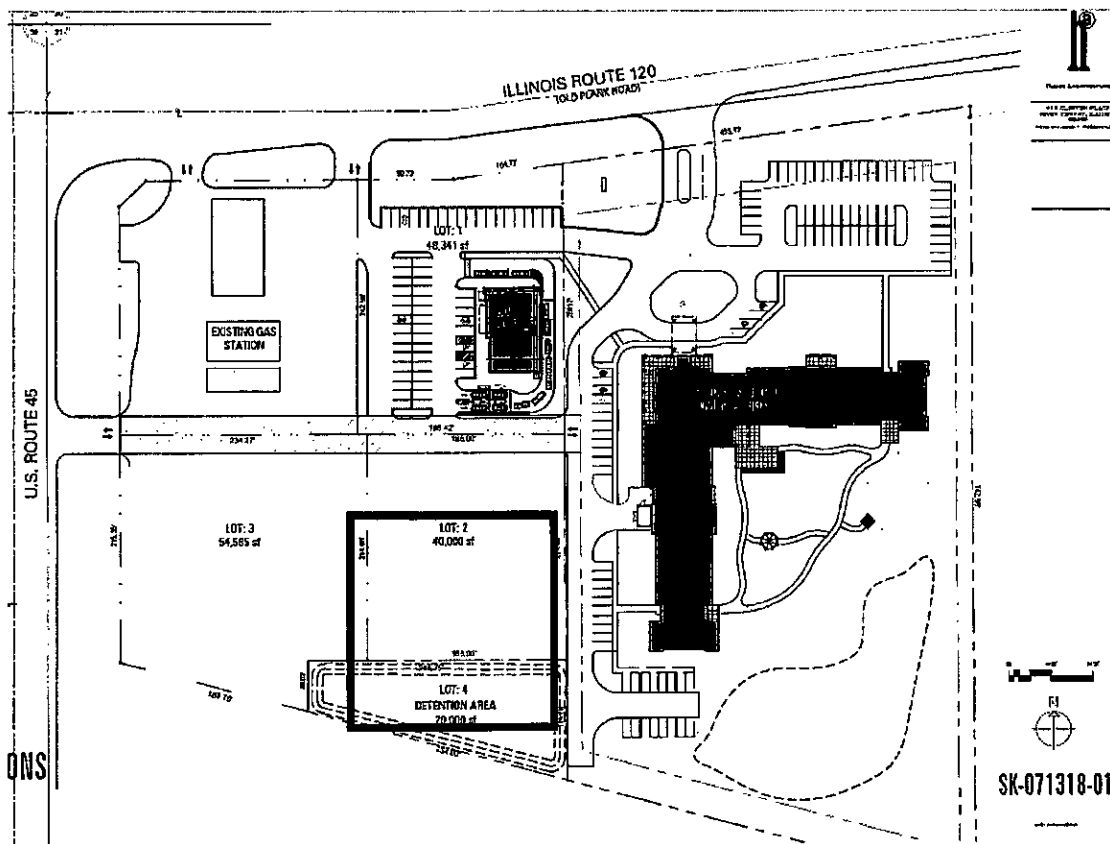
Part 1110 Classification:

- Substantive
 Non-substantive

2. Narrative Description

In the space below, provide a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Fresenius Medical Care Grayslake, LLC proposes to establish a 10-station dialysis facility, Fresenius Kidney Care Grayslake, to be located at Lot 2, SEC Rt. 120 at Rt45, PIN # 07631106006 (approximately 1817-1863 Belvidere Road). Grayslake is in Lake County and is part of HSA 8. The facility will be in leased space in a shell building to be built by the developer/landlord with the interior to be built-out by Fresenius.



The FKC Grayslake facility will maintain access in an area of high clinic utilization and above average growth in prevalence of ESRD of 7% (the State's average is 3%) in Lake County.

This project is "substantive" under Planning Board rule 1110.40 as it entails the establishment of facility that will provide in-center hemodialysis services.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	1,132,512	307,380	1,439,892
Contingencies	108,432	29,430	137,862
Architectural/Engineering Fees	122,150	32,470	154,620
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	288,000	76,000	364,000
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	3,199,686	817,854	4,017,540
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	4,850,780	1,263,134	6,113,914
SOURCE OF FUNDS	CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities	1,651,094	445,280	2,096,374
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	3,199,686	817,854	4,017,540
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	N/A	N/A	N/A
TOTAL SOURCES OF FUNDS	\$4,850,780	\$1,263,134	\$6,113,914
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT 7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	

The project involves the establishment of a new facility or a new category of service
 Yes No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ 165,595.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.	
Indicate the stage of the project's architectural drawings:	
<input checked="" type="checkbox"/> None or not applicable	<input type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working
Anticipated project completion date (refer to Part 1130.140): <u>3/31/2021</u>	
Indicate the following with respect to project expenditures or to financial commitments (refer to Part 1130.140):	
<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed. <input type="checkbox"/> Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies <input checked="" type="checkbox"/> Financial Commitment will occur after permit issuance.	
APPEND DOCUMENTATION AS ATTACHMENT 8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

State Agency Submittals [Section 1130.620(c)]

Are the following submittals up to date as applicable:
<input type="checkbox"/> Cancer Registry
<input type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits
Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (BGSF)** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
In-Center Hemodialysis	4,850,780		6,024		6,024		
Total Clinical	\$4,850,780		6,024		6,024		
NON REVIEWABLE							
Non-Clinical (Mechanical, Staff, Waiting Room Areas)	1,503,054		1,635		1,635		
Total Non-clinical	\$1,263,134		1,635		1,635		
TOTAL	\$6,113,914		7,659		7,659		
APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Comment on cost of project:

While the cost of this project may appear higher than average for a 10-station facility, it should be noted that 62%, or \$3,832,640, are costs related directly to the lease of the space which is for 15 years. When Fresenius enters into a lease for space in a build-to-suit structure the developer/bank require a longer-term lease to ensure they can amortize the costs. We engage in 10-year leases for space in an existing building. One is not necessarily more cost effective than the other. The 15-year lease just inflates the lease expense item line in the above costs. All construction, architecture and equipment costs always remain within Board standards. Fresenius does not generally enter into short-term leases, such as 5 years, because of our long-term commitment to the communities we serve.

Fresenius' project costs are in line with other major dialysis provider's applications in Illinois. There is no corporate overhead or executive offices located in our clinics or included in any cost estimates of our clinics as it has been suggested by another provider. Spaces in the facility are either mandatory or necessary for the operation of the clinic and are standard across the industry.

CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Fresenius Medical Care Grayslake, LLC * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

[Signature]
SIGNATURE

Thomas D. Brouillard, Jr.
Assistant Treasurer

PRINTED TITLE

[Signature]
SIGNATURE

Ramon Mello
Assistant Treasurer

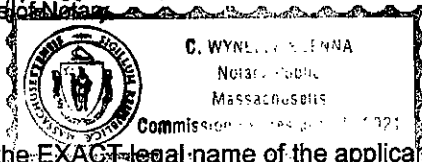
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10 day of July 2018

Notarization:
Subscribed and sworn to before me
this 2 day of July 2018

[Signature]
Signature of Notary

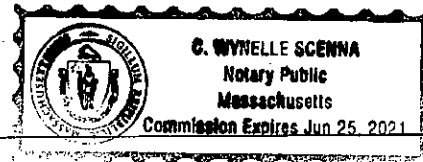
Seal



*Insert the EXACT legal name of the applicant

[Signature]
Signature of Notary

Seal



CERTIFICATION

The Application must be signed by the authorized representatives of the applicant entity. Authorized representatives are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manager or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application is filed on the behalf of Fresenius Medical Care Holdings, Inc. * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this Application on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the fee required for this application is sent herewith or will be paid upon request.

[Signature]
SIGNATURE

PRINTED NAME Thomas D. Brouillard, Jr.
Assistant Treasurer

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 10 day of July 2018

[Signature]
SIGNATURE

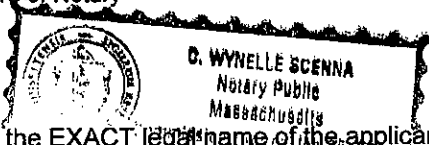
PRINTED NAME Bryan Mello
Assistant Treasurer

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 2 day of July 2018

C Wynelle Scenna
Signature of Notary

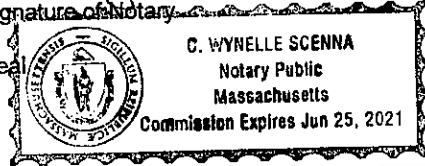
Seal



*Insert the EXACT legal name of the applicant

C Wynelle Scenna
Signature of Notary

Seal



SECTION II. DISCONTINUATION NOT APPLICABLE PROJECTD FOR ESTABLISHMENT OF AN ESRD FACILITY

This Section is applicable to the discontinuation of a health care facility maintained by a State agency.

NOTE: If the project is solely for discontinuation and if there is no project cost, the remaining Sections of the application are not applicable.

Criterion 1110.290 – Discontinuation (State-Owned Facilities and All Relocations)

READ THE REVIEW CRITERION and provide the following information:

GENERAL INFORMATION REQUIREMENTS

1. Identify the categories of service and the number of beds, if any that is to be discontinued.
2. Identify all of the other clinical services that are to be discontinued.
3. Provide the anticipated date of discontinuation for each identified service or for the entire facility.
4. Provide the anticipated use of the physical plant and equipment after the discontinuation occurs.
5. Provide the anticipated disposition and location of all medical records pertaining to the services being discontinued and the length of time the records will be maintained.
6. For applications involving the discontinuation of an entire facility, certification by an authorized representative that all questionnaires and data required by HFSRB or DPH (e.g., annual questionnaires, capital expenditures surveys, etc.) will be provided through the date of discontinuation, and that the required information will be submitted no later than 90 days following the date of discontinuation.

REASONS FOR DISCONTINUATION

The applicant shall state the reasons for the discontinuation and provide data that verifies the need for the proposed action. See criterion 1110.290(b) for examples.

IMPACT ON ACCESS

1. Document whether or not the discontinuation of each service or of the entire facility will have an adverse effect upon access to care for residents of the facility's market area.
2. Document that a written request for an impact statement was received by all existing or approved health care facilities (that provide the same services as those being discontinued) located within 45 minutes travel time of the applicant facility.

APPEND DOCUMENTATION AS ATTACHMENT 10, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION III. BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

1110.110(a) – Background of the Applicant

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest that the information was previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT 11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

Criterion 1110.110(b) & (d)

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other relevant area, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed as applicable and appropriate for the project.
4. Cite the sources of the documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals **as appropriate.**

For projects involving modernization, describe the conditions being upgraded, if any. For facility projects, include statements of the age and condition of the project site, as well as regulatory citations, if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Board Staff Report.

APPEND DOCUMENTATION AS ATTACHMENT 12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short-term (within one to three years after project completion) and long-term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED, THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT 13. IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV. PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.120 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. **This must be a narrative and it shall include the basis used for determining the space and the methodology applied.**
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies and certified by the facility's Medical Director.
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that delineates the constraints or impediments.
 - c. The project involves the conversion of existing space that results in excess square footage.
 - d. Additional space is mandated by governmental or certification agency requirements that were not in existence when Appendix B standards were adopted.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT 14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110.Appendix B. **A narrative of the rationale that supports the projections must be provided.**

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MEET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT 15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE: NOT APPLICABLE – NO UNFINISHED SPACE

Provide the following information:

1. Total gross square footage (GSF) of the proposed shell space.
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function.
3. Evidence that the shell space is being constructed due to:
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data is available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES: NOT APPLICABLE – NO UNFINISHED SPACE

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT 17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION V. SERVICE SPECIFIC

F. Criterion 1110.230 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize the In-Center Hemodialysis category of service must submit the following information:
2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations
<input checked="" type="checkbox"/> In-Center Hemodialysis	0	10

3. READ the applicable review criteria outlined below and submit the required documentation for the criteria:

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.230(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.230(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.230(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.230(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.230(b)(5) - Planning Area Need - Service Accessibility	X		
1110.230(c)(1) - Unnecessary Duplication of Services	X		
1110.230(c)(2) - Maldistribution	X		
1110.230(c)(3) - Impact of Project on Other Area Providers	X		
1110.230(d)(1), (2), and (3) - Deteriorated Facilities and Documentation			X
1110.230(e) - Staffing	X	X	
1110.230(f) - Support Services	X	X	X
1110.230(g) - Minimum Number of Stations	X		
1110.230(h) - Continuity of Care	X		
1110.230(i) - Relocation (if applicable)	X		
1110.230(j) - Assurances	X	X	
APPEND DOCUMENTATION AS ATTACHMENT 24, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

4. **Projects for relocation** of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1130.525 - "Requirements for Exemptions Involving the Discontinuation of a Health Care Facility or Category of Service" and subsection 1110.230(i) - Relocation of an in-center hemodialysis facility.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18-month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VI. 1120.120 - AVAILABILITY OF FUNDS

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable [Indicate the dollar amount to be provided from the following sources]:

<u>2,096,374</u>	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
<u>N/A</u>	<p>b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p>
<u>N/A</u>	<p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
<u>4,017,540</u>	<p>d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:</p> <ol style="list-style-type: none"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;

<p style="text-align: center;"><u>N/A</u></p>	<p>5) For any option to lease, a copy of the option, including all terms and conditions.</p>
<p style="text-align: center;"><u>N/A</u></p>	<p>e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;</p>
<p style="text-align: center;"><u>N/A</u></p>	<p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p>
<p style="text-align: center;"><u>N/A</u></p>	<p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
<p>\$6,113,914</p>	<p>TOTAL FUNDS AVAILABLE</p>

APPEND DOCUMENTATION AS ATTACHMENT 34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII. 1120.130 - FINANCIAL VIABILITY

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. "A" Bond rating or better
2. All of the projects capital expenditures are completely funded through internal sources
3. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
4. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT 35, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

	Historical 3 Years			Projected
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage	APPLICANT MEETS THE FINANCIAL VIABILITY WAIVER CRITERIA IN THAT ALL OF THE PROJECTS CAPITAL EXPENDITURES ARE COMPLETELY FUNDED THROUGH INTERNAL SOURCES, THEREFORE NO RATIOS ARE PROVIDED.			
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 36, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VIII.1120.140 - ECONOMIC FEASIBILITY

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
ESRD		188.00			6,024			1,132,512	1,132,512
Contingency		18.00			6024			108,432	108,432
Total Clinical		206.00			6,024			1,240,944	1,240,944
Non Clinical		188.00			1,635			307,380	307,380
Contingency		18.00			1,635			29,430	29,430
Total Non		206.00			1,635			336,810	336,810
TOTALS		\$206.00			7,659			\$1,577,754	\$1,577,754

* Include the percentage (%) of space for circulation

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT 37, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IX. SAFETY NET IMPACT STATEMENT

<p>SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE PROJECTS AND PROJECTS TO DISCONTINUE STATE-OWNED HEALTH CARE FACILITIES [20 ILCS 3960/5.4]:</p> <ol style="list-style-type: none"> 1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge. 2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant. 3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant. <p>Safety Net Impact Statements shall also include all of the following:</p> <ol style="list-style-type: none"> 1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
--

2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.

3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 38.

Safety Net Information per PA 96-0031			
CHARITY CARE (Self Pay)			
	2015	2016	2017
Charity (# of patients)	195	233	280
(Self-Pay)			
Charity (cost in dollars)	\$3,204,986	\$3,269,127	\$4,552,654
MEDICAID			
	2015	2016	2017
Medicaid (# of patients)	396	320	328
Medicaid (revenue)	\$7,310,484	\$4,383,383	\$6,630,014

*As a for-profit corporation Fresenius does not provide charity care per the Board's definition. Numbers reported are self-pay patients. Self-pay balances are written off to bad debt. Medicare may reimburse a portion of bad debt as part of cost reporting.

APPEND DOCUMENTATION AS ATTACHMENT 38, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Note:

Medicaid reported numbers are also impacted by the large number of patients who switched from Medicaid to a Medicaid Risk insurance (managed care plan) which pays similar to Medicaid. These patients are reported under commercial insurance however, in 2016 of our commercial patients we had 1,230 Medicaid Risk patients with Revenues of \$22,664,352

SECTION X. CHARITY CARE INFORMATION

Charity Care information **MUST** be furnished for **ALL** projects [1120.20(c)].

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three **audited** fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer (20 ILCS 3960/3). Charity Care **must** be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 39.

CHARITY CARE (Self Pay)			
	2015	2016	2017
Net Patient Revenue	\$438,247,352	\$449,611,441	\$460,678,799
Amount of Charity Care (Self Pay charges)	\$3,204,986	\$3,269,127	\$4,552,654
Cost of Charity Care (Self Pay)	\$3,204,986	\$3,269,127	\$4,552,654

*As a for-profit corporation Fresenius does not provide charity care per the Board's definition. Numbers reported are self-pay Self-pay balances are written off to bad debt. Medicare may reimburse a portion of bad debt as part of cost reporting.

APPEND DOCUMENTATION AS ATTACHMENT 39 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Note:

Medicaid reported numbers are also impacted by the large number of patients who switched from Medicaid to a Medicaid Risk insurance (managed care plan) which pays similar to Medicaid. These patients are reported under private insurance however, in 2017, of our commercial patients, we had 1,230 Medicaid Risk patients with Revenues of \$22,664,352

After paginating the entire completed application indicate, in the chart below, the page numbers for the included attachments:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
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3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	32
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17	Assurances for Unfinished/Shell Space	
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Applicant Identification

Applicant [Provide for each applicant (refer to Part 1130.220)]

Exact Legal Name:	Fresenius Medical Care Grayslake, LLC d/b/a Fresenius Kidney Care Grayslake
Street Address:	920 Winter Street
City and Zip Code:	Waltham, MA 02451
Name of Registered Agent:	CT Corporation Systems
Registered Agent Street Address:	208 S. LaSalle Street, Suite 814
Registered Agent City and Zip Code:	Chicago, IL 60604
Name of Chief Executive Officer:	Bill Valle
CEO Street Address:	920 Winter Street
CEO City and Zip Code:	Waltham, MA 02451
CEO Telephone Number:	800-662-1237

Type of Ownership – Applicant

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
<input checked="" type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

***Certificate of Good Standing for Fresenius Medical Care Grayslake, LLC on following page.**

Co - Applicant Identification

Exact Legal Name:	Fresenius Medical Care Holdings, Inc.
Street Address:	920 Winter Street
City and Zip Code:	Waltham, MA 02451
Name of Registered Agent:	CT Corporation Systems
Registered Agent Street Address:	208 S. LaSalle Street, Suite 814
Registered Agent City and Zip Code:	Chicago, IL 60604
Name of Chief Executive Officer:	Bill Valle
CEO Street Address:	920 Winter Street
CEO City and Zip Code:	Waltham, MA 02451
CEO Telephone Number:	800-662-1237

Type of Ownership – Co-Applicant

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership	
<input checked="" type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental	
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which they are organized and the name and address of each partner specifying whether each is a general or limited partner.

File Number

0635659-1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

FRESENIUS MEDICAL CARE GRAYSLAKE, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 26, 2017, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 20TH day of SEPTEMBER A.D. 2018 .

Jesse White

Authentication #: 1826301872 verifiable until 09/20/2019
Authenticate at: <http://www.cyberdrivellinois.com>

SECRETARY OF STATE Certificate of Good Standing
ATTACHMENT 1

Site Ownership

Exact Legal Name of Site Owner: Health Property Services, Inc.
Address of Site Owner: 920 Winter Street, Waltham, MA 02451
Street Address or Legal Description of the Site: Lot 2, SEC Rt. 120 at Rt45, PIN # 07631106006 (approximately 1817-1863 Belvidere Road)
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statements, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease, or a lease.

Health Property Services, Inc.

Corporate Real Estate Solutions

July 9, 2018

Attn: Miles Gateland
(781) 699-9994
Via email: Miles.Gateland@fmc-na.com

RE: A portion of Lot 2, SEC Rt. 120 at Rt45 Grayslake, IL 60030

Fresenius Medical Care Build-to-Suit – Letter of Intent

Dear Miles,

We are pleased to present to you this letter of intent. This letter is not intended to be a binding contract, a lease, or an offer to lease, but is intended only to provide the basis for negotiations of a lease document between Landlord and **Fresenius Medical Care Grayslake LLC** (“Tenant”).

Premises: 7,659 RENTABLE SQ building to be constructed and located at **Lot 2, SEC Rt. 120 at Rt45 Grayslake, IL 60030. See exhibit A attached of the site and space plan.**

("Property")

Landlord: Health Property Services, or its Designated assignee

Tenant: **Fresenius Medical Care Grayslake, LLC,**

Guarantor: Fresenius Medical Care Holdings

Lease: Landlord’s standard lease form.

Use: Tenant shall use and occupy the Premises for the purpose of an outpatient dialysis facility and related office uses and for no other purposes except those authorized in writing by Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant may operate on the Premises, at Tenant's option, on a seven (7) days a week, twenty-four (24) hours a day basis, subject to zoning and other regulatory requirements.

Primary Term: 15 years

Option Term(s): Three (3) Five (5) year options to renew the lease at 2% annual increase in base rent.

Base Rent over initial Term: Annual Rent: Starts at \$30.00sq. ft. and increases by 2% annual increase in Year 3 of the Primary Term

Taxes, Insurance & CAM: Tenant will reimburse Landlord

Utilities: Tenant will be responsible to pay for all of their own utilities.

Tenant's Share: 100%

Condition of Premises Upon Delivery: Landlord shall deliver the Premises to **Tenant** in a shell condition in accordance with agreed upon plans and specifications as defined in (**Exhibit A**). In addition, Landlord shall be responsible for all civil costs, parking infrastructure and any other development costs.

Rent Commencement Date: Tenant will not pay rent until the date that is the earlier of (a) the date that Tenant opens for business in the Premises, or (b) ninety (90) days after the Delivery Date.

Delivery Date: The date upon which Landlord's Work is substantially completed which is estimated to be 180 days after receipt of Landlord's building permit.

Construction Drawings For Landlord's Work: Landlord will agree upon issuance of the CON to have construction drawings no later than 90 days after CON is awarded and apply for building permits immediately thereafter.

Tenant's Work: Tenant shall construct improvements in the Premises and install Tenant's trade fixtures, equipment and personal property in order to make the Premises ready for Tenant's initial occupancy and use, subject to Landlord's approval of all plans and specifications for therefor.

Security Deposit: None,

Landlord Maintenance:

Landlord shall without expense to Tenant, maintain and make all necessary repairs to the structural portions of the Building to keep the building weather and water tight and structurally sound including, without limitation: foundations, structure, load bearing walls, exterior walls, the roof and roof supports, columns, structural retaining walls, gutters, downspouts, flashings and footings.

Signage:

Tenant may, at its sole cost and expense, install and maintain signs in and on the Premises to the maximum extent permitted by local law and subject to Tenant obtaining (i) all necessary private party approvals, if any, and governmental approvals, permits and licenses; and (ii) Landlord's prior written approval which will not be unreasonably withheld, and in accordance with Landlord's sign criteria (if applicable).

Confidentiality:

The parties hereto acknowledge the sensitive nature of the terms and conditions of this letter and hereby agree not to disclose the terms and conditions of this letter or the fact of the existence of this letter to any third parties and instead agree to keep said terms and conditions strictly confidential, disclosing them only to their respective agents, lenders, attorneys, accountants and such other directors, officers, employees, affiliates, and representatives who have a reason to receive such information and have been advised of the sensitive nature of this letter and as otherwise required to be disclosed by law.

Zoning and Restrictive Covenants:

Landlord will represent that the current property zoning is acceptable for use as outpatient dialysis facility and there is no other restrictive covenants imposed on the land/, owner, and/or municipality.

CON Contingency

Landlord and FMC understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, FMC cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless FMC obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). FMC agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said

application to obtain the CON permit from the Planning Board.

Acquisition Contingency:

Tenant acknowledges that Landlord is not the owner of the Land. Accordingly, the parties agree that the lease agreement shall contain a contingency provision which provides that Landlord's obligations under the lease agreement shall be subject to and contingent upon Landlord obtaining fee title to the Land and in the event that Landlord does not acquire fee title to the Land on or before the date which is 100 days after the date upon which the CON is obtained by Tenant then Tenant then either Landlord or Tenant may elect to terminate the lease agreement; provided, however, that in the event Tenant elects to terminate the lease agreement then Landlord shall have thirty (30) days from the date of Tenant's notice of election to terminate to satisfy the contingency at its election in which event Tenant's election to terminate shall be null and void. In the event the lease is terminated under this provision then each of the parties shall be released from its obligations and liability under the lease agreement.

The parties agree that this letter shall not be binding on the parties and does not address all essential terms of the lease agreement contemplated by this letter. Neither party may claim any legal right against the other by reason of any action taken in reliance upon this non-binding letter. A binding agreement shall not exist between the parties unless and until a lease agreement has been executed and delivered by both parties.

If you are in agreement with the foregoing terms, please execute and date this letter in the space provided below and return same to Landlord within five (5) business days from the date above.

Sincerely,

Bill Popken

Bill Popken
Health Property Service

Operating Identity/Licensee

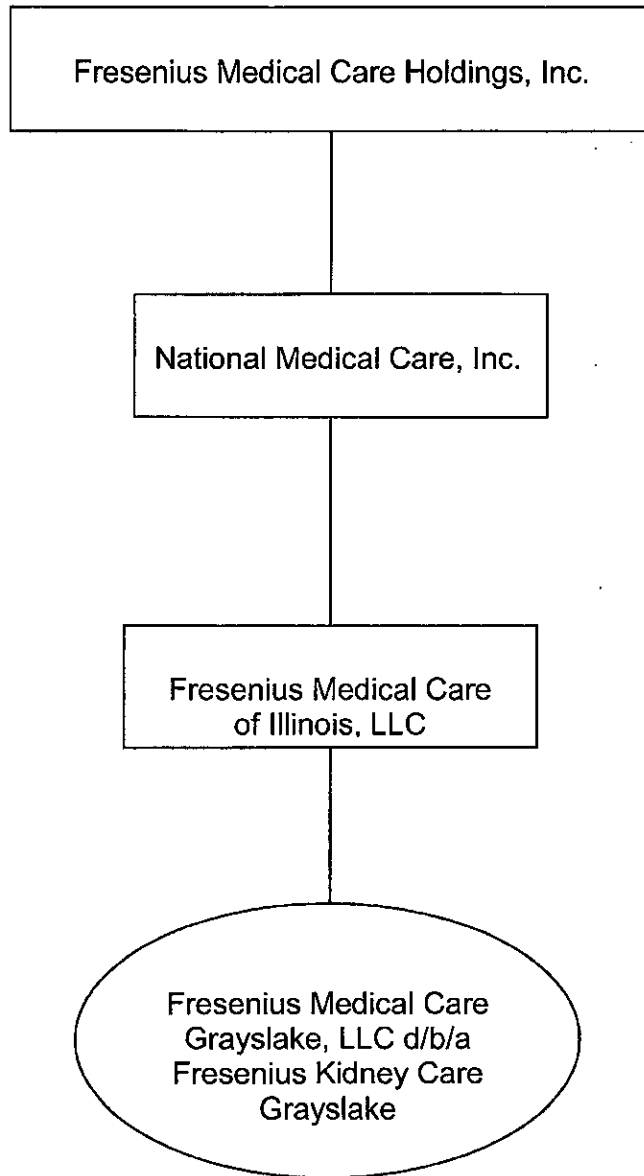
Exact Legal Name Fresenius Medical Care Grayslake, LLC d/b/a Fresenius Kidney Care Grayslake
Address: 920 Winter Street, Waltham, MA 02451
Name of Registered Agent: CT Systems
Name of Chief Executive Officer: Bill Valle
CEO Address: 920 Winter Street, Waltham, MA 02451
Telephone Number: 800-662-1237

Type of Ownership of Applicant

<input type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership		
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental		
<input checked="" type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship	<input type="checkbox"/>	Other

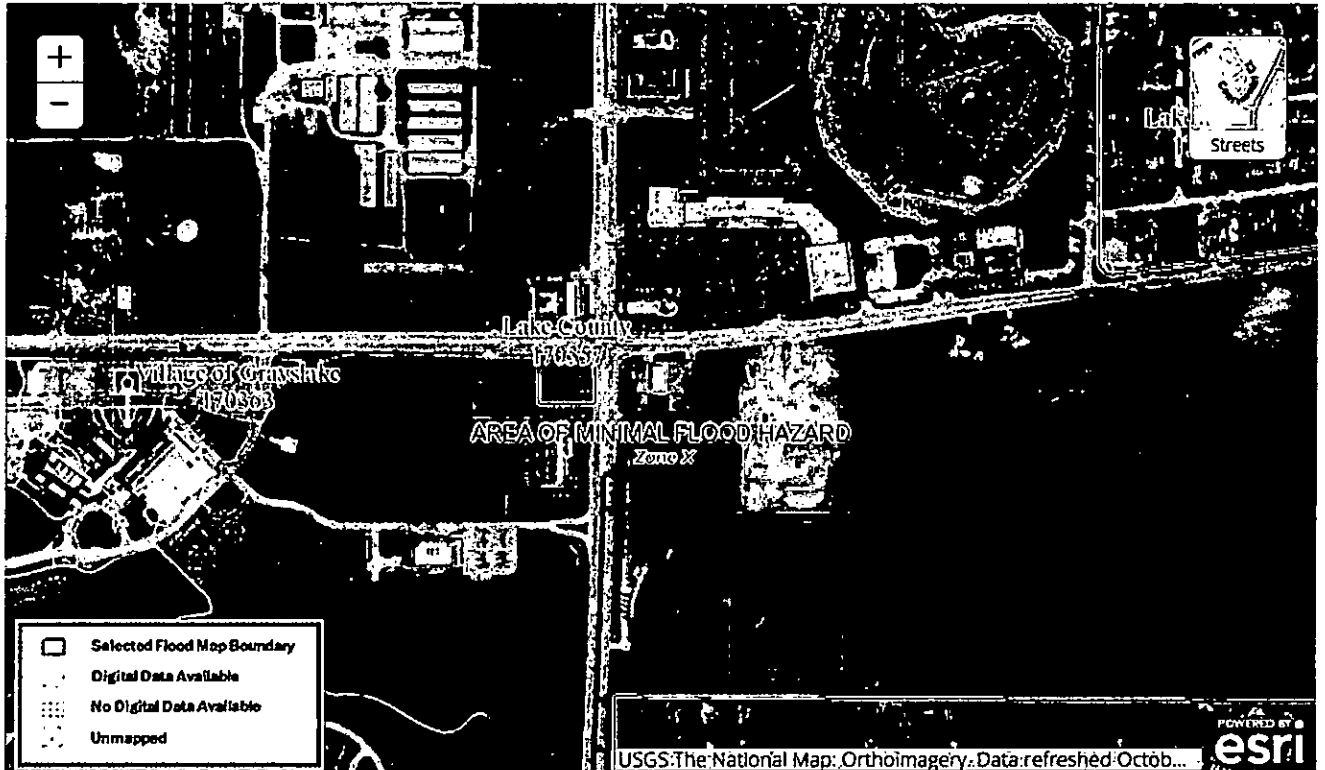
- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each
- o is a general or limited partner.

***Certificate of Good Standing at Attachment – 1.**



Flood Plain Requirements

The proposed site for Fresenius Kidney Care Grayslake complies with the requirements of Illinois Executive Order #2005-5. The site, Lot 2, SEC Rt. 120 at Rt45, PIN # 07631106006 (approximately 1817-1863 Belvidere Rd.), is not located in a flood plain.





Illinois Department of Natural Resources

One Natural Resources Way Springfield, Illinois 62702-1271
www.dnr.illinois.gov

Bruce Rauner, Governor
Wayne A. Rosenthal, Director

Lake County
Grayslake
SW of Route 45 & Belvidere Road
IHFSRB
New construction, 10-station dialysis facility

PLEASE REFER TO: SHPO LOG #004071218

August 22, 2018

Lori Wright
Fresenius Kidney Care
3500 Lacey Road
Downers Grove, IL 60515

Dear Ms. Wright:

The Illinois State Historic Preservation Office is required by the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as amended, 17 IAC 4180) to review all state funded, permitted or licensed undertakings for their effect on cultural resources. Pursuant to this, we have received information regarding the referenced project for our comment.

Our staff has reviewed the specifications under the state law and assessed the impact of the project as submitted by your office. We have determined, based on the available information, that no significant historic, architectural or archaeological resources are located within the proposed project area.

According to the information you have provided concerning your proposed project, apparently there is no federal involvement in your project. However, please note that the state law is less restrictive than the federal cultural resource laws concerning archaeology. If your project will use federal loans or grants, need federal agency permits, use federal property, or involve assistance from a federal agency, then your project must be reviewed under the National Historic Preservation Act of 1966, as amended. Please notify us immediately if such is the case.

This clearance remains in effect for two (2) years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the IL Human Skeletal Remains Protection Act (20 ILCS 3440).

Please retain this letter in your files as evidence of compliance with the Illinois State Agency Historic Resources Preservation Act.

If further assistance is needed please contact Jeff Kruchten, Chief Archaeologist at 217/785-1279 or Jeffery.kruchten@illinois.gov.

Sincerely,

Robert F. Appleman
Deputy State Historic
Preservation Officer

Historical Determination
ATTACHMENT - 6

35

SUMMARY OF PROJECT COSTS

Modernization	
General Conditions	72,000
Temp Facilities, Controls, Cleaning, Waste Management	3,600
Concrete	18,440
Masonry	21,897
Metal Fabrications	10,800
Carpentry	126,570
Thermal, Moisture & Fire Protection	25,600
Doors, Frames, Hardware, Glass & Glazing	98,600
Walls, Ceilings, Floors, Painting	232,580
Specialities	18,000
Casework, FI Mats & Window Treatments	8,640
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	460,765
Wiring, Fire Alarm System, Lighting	277,600
Miscellaneous Construction Costs	64,800
Total	1,439,892
Contingencies	
	\$137,862
Architecture/Engineering Fees	
	\$154,620
Moveable or Other Equipment	
Dialysis Chairs	28,000
Clinical Furniture & Equipment	32,000
Office Equipment & Other Furniture	32,000
Water Treatment	180,000
TVs & Accessories	28,000
Telephones	20,000
Generator	10,000
Facility Automation	20,000
Other miscellaneous	14,000
Total	\$364,000
Fair Market Value of Leased Space and Equipment	
FMV Leased Space (7,659 GSF)	3,832,640
FMV Leased Dialysis Machines	171,900
FMV Leased Office Equipment	13,000
	\$4,017,540
Grand Total	\$6,113,914

Itemized Costs
ATTACHMENT - 7

Current Fresenius CON Permits and Status

Project Number	Project Name	Project Type	Completion Date	Comment
#16-029	Fresenius Medical Care Ross Dialysis - Englewood	Relocation/ Expansion	09/30/2018	Obligated/Renewal Request Submitted
#16-034	Fresenius Kidney Care Woodridge	Establishment	03/31/2019	Opening November 2018
#16-042	Fresenius Kidney Care Paris Community	Establishment	09/30/2018	Permit Renewal/Financial Commitment Extension Request Submitted
#17-004	Fresenius Kidney Care Mount Prospect	Establishment	12/31/2018	Open August 2018, waiting for Certification
#17-025	Fresenius Kidney Care Crestwood	Relocation	09/30/2019	Open August 2018, waiting for Certification
#17-038	Fresenius Kidney Care South Elgin	Establishment	12/31/2019	Shell Construction
#17-024	Fresenius Kidney Care Springfield East	Establishment	03/31/2019	Construction End Date 11/2018
#17-056	Fresenius Medical Care Galesburg	Relocation	12/31/2019	Permitted February 27, 2018, Construction Begun
#17-065	Fresenius Kidney Care New Lenox	Establishment	12/31/2019	Permitted April 17, 2018

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
In-Center Hemodialysis	4,850,780		6,024		6,024		
Total Clinical	\$4,850,780		6,024		6,024		
NON REVIEWABLE							
Non-Clinical (Mechanical, Staff, Waiting Room Areas)	1,503,054		1,635		1,635		
Total Non-clinical	\$1,263,134		1,635		1,635		
TOTAL	\$6,113,914		7,659		7,659		

Comment on cost of project:

While the cost of this project may appear higher than average for a 10-station facility, it should be noted that 62%, or \$3,832,640, are costs related directly to the lease of the space which is for 15 years. When Fresenius enters into a lease for space in a build-to-suit structure the developer/bank require a longer-term lease to ensure they can amortize the costs. We engage in 10-year leases for space in an existing building. One is not necessarily more cost effective than the other. The 15-year lease just inflates the lease expense item line in the above costs. All construction, architecture and equipment costs always remain within Board standards. Our long-term commitment to the areas we serve is the same and the length of our leases support that. Fresenius generally does not enter into short term leases for its facilities.

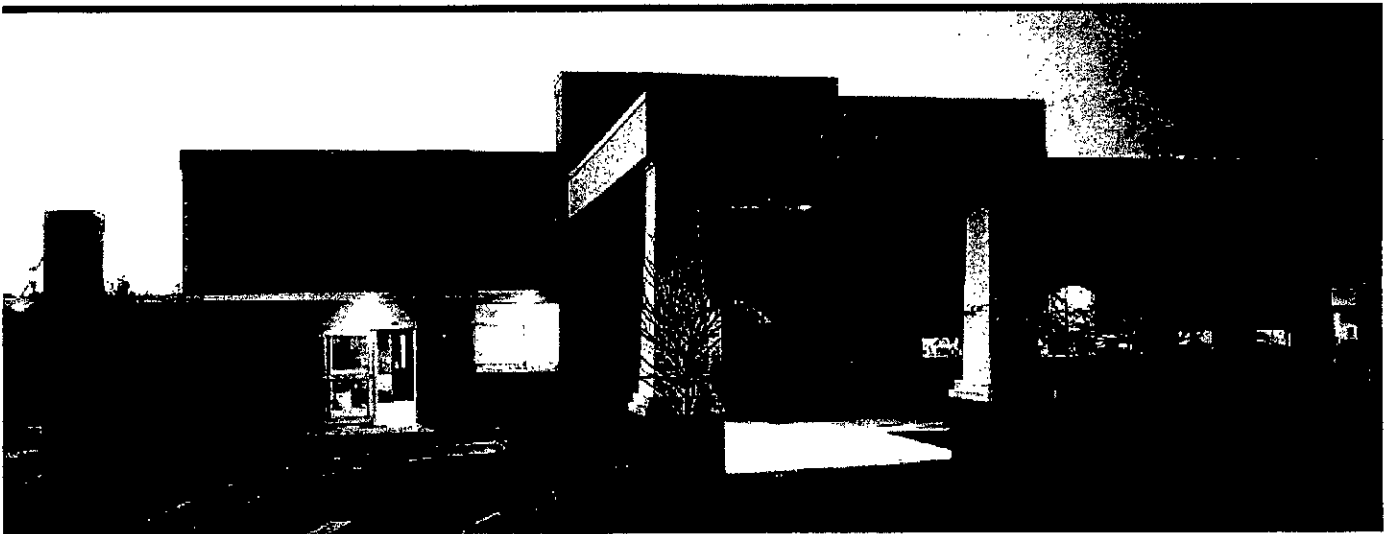
Fresenius' project costs are in line with other major dialysis provider's applications in Illinois. There is no corporate overhead or executive offices located in our clinics or included in any cost estimates of our clinics as it has been suggested by another provider. Spaces in the facility are either mandatory or necessary for the operation of the clinic and are standard across the industry.



About Us

Fresenius Kidney Care, a division of Fresenius Medical Care North America (FMCNA), provides dialysis treatment and services to over 190,000 people with kidney disease at more than 2,300 facilities nationwide. Fresenius Kidney Care patients have access to FMCNA's integrated network of kidney care services ranging from cardiology and vascular care to pharmacy and lab services as well as urgent care centers and the country's largest practice of hospitalist and post-acute providers. The scope and sophistication of this vertically integrated network provides us with seamless oversight of our patients' entire care continuum.

As a leader in renal care technology, innovation and clinical research, FMCNA's more than 67,000 employees are dedicated to the mission of delivering superior care that improves the quality of life for people with kidney disease. Fresenius Kidney Care supports people by helping to address both the physical and emotional aspects of kidney disease through personalized care, education and lifestyle support services so they can lead meaningful and fulfilling lives.



Bringing Our Mission to Life

At Fresenius Kidney Care, we understand that helping people with end stage renal disease (ESRD) live fuller, more active and vibrant lives is about much more than providing them with the best dialysis care. It's about caring for the whole person. That's why we use our vast resources to care for our patients emotional, medical, dietary, financial and well-being needs.

We also provide educational support for people with chronic kidney disease (CKD), including routine classes for people with later stage CKD. Our robust education programs are designed to improve patient outcomes and improve the quality of life for every patient.



- **KidneyCare:365**—A company-wide program designed to educate patients with CKD or ESRD about living with kidney disease. These classes are held routinely at a variety of locations including clinics, hospitals and physician offices. Class topics include understanding CKD, eating well, social support and treatment options.
- **Navigating Dialysis Program** – A patient education and engagement program focused on empowering patients with the knowledge they need to thrive during their first 90 days on dialysis. In-center and at-home patients receive a starter kit and supporting touchpoints from members of their care team covering topics like treatment, access, eating well and thriving.
- **Catheter Reduction Program** – A key strategic clinical initiative to support nephrologists and clinical staff with increasing the number of patients dialyzed with a permanent access, preferably a venous fistula (AVF) versus a central venous catheter (CVC). Starting dialysis with or converting patients to an AVF can significantly lower serious complications, hospitalizations and mortality rates.

Value Based Care Model

Healthcare is moving toward a value-based system focused on caring for the whole patient, improving efficiencies and reducing costs. One way that FMCNA has demonstrated its commitment is through a significant investment in End Stage Renal Disease Seamless Care Organizations (ESCOs), the nation's first disease-specific shared savings program designed to identify, test and evaluate new ways to improve care for Americans with ESRD.

In January 2017, the Centers for Medicaid and Medicare Services (CMS) awarded 18 new ESCO contracts to FMCNA, which was in addition to the six ESCOs the company was awarded in 2015. FMCNA now operates 24 of the 37 ESCOs awarded by CMS. FMCNA holds two ESCO contracts in Illinois, including Chicago and Bloomington that include Springfield and the St. Louis area.

Under each ESCO, local nephrologists and dialysis providers partner to develop an innovative care model based on highly coordinated, patient-centered care. By monitoring and managing the total care of the ESRD patient, the ESCO aims to avoid hospitalizations and help patients move from high-risk to lower-risk on the health care continuum.

The cornerstone of the ESCO program for FMCNA is its Care Navigation Unit (CNU), a team of specially trained nurses and care technicians who provide 24/7 patient support and care management services. By focusing on both the physical and emotional needs of each patient, the CNU can anticipate issues before they arise and help patients respond more quickly when they happen. The CNU has proven that through rigorous patient monitoring and appropriate intervention, they can significantly improve patient health outcomes, reducing hospital admissions by up to 20 percent and readmissions by up to 27 percent in ESRD populations. This investment demonstrates the value FMCNA places on collaboration with CMS, policymakers and physicians for the benefit of its patients. It also shows the importance we place on patients taking active roles in their own care.

At FMCNA, we strive to be the partner of choice by leading the way with collaborative, entrepreneurial new models of value-based care that take full responsibility for the patients we serve while reducing costs and improving outcomes. This approach allows us to coordinate health care services at pivotal care points for hundreds of thousands of chronically ill people and enhance the lives of those trusted to our care.

Background



Five Star Quality Rated by CMS

Fresenius Kidney Care achieved the largest number of top-rated, Five Star dialysis centers in 2017, based on the Dialysis Facility Compare Five Star Quality Rating System issued by CMS. This focus on quality continues to drive Fresenius Kidney Care's success in Illinois.

Overview of Services



Treatment Settings and Options

- ✓ In-center hemodialysis
- ✓ At-home hemodialysis
- ✓ At-home peritoneal dialysis



Patient Support Services

- ✓ Nutritional counseling
- ✓ Social work services
- ✓ Home training program
- ✓ Clinical care
- ✓ Patient travel services
- ✓ Patient education classes
- ✓ Urgent care (acute)



Counseling and Guidance for Non-Dialysis Options

- ✓ Kidney transplant
- ✓ Supportive care without dialysis

Our Local Commitment



Fresenius Kidney Care is a predominant supporter of the National Kidney Foundation of Illinois (NKFI). The NKFI is an affiliate of the National Kidney Foundation, which funds medical research improving lives of those with kidney disease, prevention screenings and is a leading educator on kidney disease. Our Fresenius Kidney Care employees in the Chicago area raised over \$21,000 for the NKFI Kidney Walk in downtown Chicago through pledges and t-shirt sales. In addition to the local fundraising efforts, each year Fresenius Kidney Care donates \$25,000 to the NKFI and another \$5,000 in downstate Illinois.

Background

ATTACHMENT - 11



Fresenius Kidney Care In-center Clinics in Illinois

Clinic	Provider #	Address	City	Zip
Aledo	14-2658	409 NW 9th Avenue	Aledo	61231
Alsip	14-2630	12250 S. Cicero Ave Ste. #105	Alsip	60803
Antioch	14-2673	311 Depot St., Ste. H	Antioch	60002
Aurora	14-2515	455 Mercy Lane	Aurora	60506
Austin Community	14-2653	4800 W. Chicago Ave., 2nd Fl.	Chicago	60651
Belleville	14-2839	6525 W. Main Street	Belleville	62223
Berwyn	14-2533	2601 S. Harlem Avenue, 1st Fl.	Berwyn	60402
Blue Island	14-2539	12200 S. Western Avenue	Blue Island	60406
Bolingbrook	14-2605	329 Remington	Bolingbrook	60440
Breese	14-2637	160 N. Main Street	Breese	62230
Bridgeport	14-2524	825 W. 35th Street	Chicago	60609
Burbank	14-2641	4811 W. 77th Street	Burbank	60459
Carbondale	14-2514	1425 Main Street	Carbondale	62901
Centre West Springfield	14-2546	1112 Centre West Drive	Springfield	62704
Champaign	14-2588	1405 W. Park Street	Champaign	61801
Chatham	14-2744	333 W. 87th Street	Chicago	60620
Chicago Dialysis	14-2506	1806 W. Hubbard Street	Chicago	60622
Chicago Heights	14-2832	15 E. Independence Drive	Chicago Heights	60411
Chicago Westside	14-2681	1340 S. Damen	Chicago	60608
Cicero	14-2754	3000 S. Cicero	Chicago	60804
Congress Parkway	14-2631	3410 W. Van Buren Street	Chicago	60624
Crestwood	14-2538	4861W. Cal Sag Road	Crestwood	60445
Decatur East	14-2603	1830 S. 44th St.	Decatur	62521
Deerfield	14-2710	405 Lake Cook Road	Deerfield	60015
Des Plaines	14-2774	1625 Oakton Place	Des Plaines	60018
Downers Grove	14-2503	3825 Highland Ave., Ste. 102	Downers Grove	60515
DuPage West	14-2509	450 E. Roosevelt Rd., Ste. 101	West Chicago	60185
DuQuoin	14-2595	825 Sunset Avenue	DuQuoin	62832
East Aurora	14-2837	840 N. Farnsworth Avenue	Aurora	60505
East Peoria	14-2562	3300 North Main Street	East Peoria	61611
Elgin	14-2726	2130 Point Boulevard	Elgin	60123
Elk Grove	14-2507	901 Blesterfield Road, Ste. 400	Elk Grove	60007
Elmhurst	14-2612	133 E. Brush Hill Road, Suite 4	Elmhurst	60126
Evanston	14-2621	2953 Central Street, 1st Floor	Evanston	60201
Evergreen Park	14-2545	9730 S. Western Avenue	Evergreen Park	60805
Galesburg	14-8628	765 N Kellogg St, Ste 101	Galesburg	61401
Garfield	14-2555	5401 S. Wentworth Ave.	Chicago	60609
Geneseo	14-2592	600 North College Ave, Suite 150	Geneseo	61254
Glendale Heights	14-2617	130 E. Army Trail Road	Glendale Heights	60139
Glenview	14-2551	4248 Commercial Way	Glenview	60025
Greenwood	14-2601	1111 East 87th St., Ste. 700	Chicago	60619
Gurnee	14-2549	101 Greenleaf	Gurnee	60031
Hazel Crest	14-2607	17524 E. Carriageway Dr.	Hazel Crest	60429
Highland Park	14-2782	1657 Old Skokie Road	Highland Park	60035
Hoffman Estates	14-2547	3150 W. Higgins, Ste. 190	Hoffman Estates	60195
Humboldt Park	14-2821	3500 W. Grand Avenue	Chicago	60651
Jackson Park	14-2516	7531 South Stony Island Ave.	Chicago	60649
Joliet	14-2739	721 E. Jackson Street	Joliet	60432
Kewanee	14-2578	230 W. South Street	Kewanee	61443
Lake Bluff	14-2669	101 Waukegan Rd., Ste. 700	Lake Bluff	60044
Lakeview	14-2679	4008 N. Broadway, St. 1200	Chicago	60613
Lemont	14-2798	16177 W. 127th Street	Lemont	60439
Logan Square	14-2766	2721 N. Spalding	Chicago	60647
Lombard	14-2722	1940 Springer Drive	Lombard	60148
Macomb	14-2591	523 E. Grant Street	Macomb	61455
Maple City	14-2790	1225 N. Main Street	Monmouth	61462
Marquette Park	14-2566	6515 S. Western	Chicago	60636
McHenry	14-2672	4312 W. Elm St.	McHenry	60050
McLean Co	14-2583	1505 Eastland Medical Plaza	Bloomington	61704
Melrose Park	14-2554	1111 Superior St., Ste. 204	Melrose Park	60160
Merrionette Park	14-2667	11630 S. Kedzie Ave.	Merrionette Park	60803
Metropolis	14-2705	20 Hospital Drive	Metropolis	62960
Midway	14-2713	6201 W. 63rd Street	Chicago	60638
Mokena	14-2689	8910 W. 192nd Street	Mokena	60448
Moline	14-2526	400 John Deere Road	Moline	61265
Mount Prospect	-	1710-1790 W. Golf Road	Mount Prospect	60056
Mundelein	14-2731	1400 Townline Road	Mundelein	60060

Clinic	Provider #	Address	City	Zip
Naperbrook	14-2765	2451 S Washington	Naperville	60565
Naperville North	14-2678	516 W. 5th Ave.	Naperville	60563
New City	14-2815	4622 S. Bishop Street	Chicago	60609
New Lenox	-	Cedar Crossing Development	New Lenox	60451
Niles	14-2500	7332 N. Milwaukee Ave	Niles	60714
Normal	14-2778	1531 E. College Avenue	Normal	61761
Norridge	14-2521	4701 N. Cumberland	Norridge	60656
North Avenue	14-2602	911 W. North Avenue	Melrose Park	60160
North Kilpatrick	14-2501	4800 N. Kilpatrick	Chicago	60630
Northcenter	14-2531	2620 W. Addison	Chicago	60618
Northfield	14-2771	480 Central Avenue	Northfield	60093
Northwestern University	14-2597	710 N. Fairbanks Court	Chicago	60611
Oak Forest	14-2764	5340A West 159th Street	Oak Forest	60452
Oak Park	14-2504	773 W. Madison Street	Oak Park	60302
Orland Park	14-2550	9160 W. 159th St.	Orland Park	60482
Oswego	14-2677	1051 Station Drive	Oswego	60543
Ottawa	14-2576	1601 Mercury Circle Drive, Ste. 3	Ottawa	61350
Palatine	14-2723	691 E. Dundee Road	Palatine	60074
Pekin	14-2571	3521 Veteran's Drive	Pekin	61554
Peoria Downtown	14-2574	410 W Romeo B. Garrett Ave.	Peoria	61605
Peoria North	14-2613	10405 N. Juliet Court	Peoria	61615
Plainfield	14-2707	2320 Michas Drive	Plainfield	60544
Plainfield North	14-2596	24024 W. Riverwalk Court	Plainfield	60544
Polk	14-2502	557 W. Polk St.	Chicago	60607
Pontiac	14-2611	804 W. Madison St.	Pontiac	61764
Prairie	14-2569	1717 S. Wabash	Chicago	60616
Randolph County	14-2589	102 Memorial Drive	Chester	62233
Regency Park	14-2558	124 Regency Park Dr., Suite 1	O'Fallon	62269
River Forest	14-2735	103 Forest Avenue	River Forest	60305
Rock Island	14-2703	2623 17th Street	Rock Island	61201
Rock River - Dixon	14-2645	101 W. Second Street	Dixon	61021
Rogers Park	14-2522	2277 W. Howard St.	Chicago	60645
Rolling Meadows	14-2525	4180 Winnetka Avenue	Rolling Meadows	60008
Roseland	14-2690	135 W. 111th Street	Chicago	60628
Ross-Englewood	14-2670	6333 S. Green Street	Chicago	60621
Round Lake	14-2616	401 Nippersink	Round Lake	60073
Saline County	14-2573	275 Small Street, Ste. 200	Harrisburg	62946
Sandwich	14-2700	1310 Main Street	Sandwich	60548
Schaumburg	14-2802	815 Wise Road	Schaumburg	60193
Silvis	14-2658	880 Crosstown Avenue	Silvis	61282
Skokie	14-2618	9801 Wood Dr.	Skokie	60077
South Chicago	14-2519	9200 S. Chicago Ave.	Chicago	60617
South Elgin	-	770 N. McLean Blvd.	South Elgin	60177
South Deering	14-2756	10559 S. Torrence Ave.	Chicago	60617
South Holland	14-2542	17225 S. Paxton	South Holland	60473
South Shore	14-2572	2420 E. 79th Street	Chicago	60649
Southside	14-2508	3134 W. 76th St.	Chicago	60652
South Suburban	14-2517	2609 W. Lincoln Highway	Olympia Fields	60461
Southwestern Illinois	14-2535	7 Professional Drive	Alton	62002
Spoon River	14-2565	340 S. Avenue B	Canton	61520
Springfield East	-	1800 E. Washington Street	Springfield	62703
Spring Valley	14-2564	12 Wolfer Industrial Drive	Spring Valley	61362
Steger	14-2725	219 E. 34th Street	Steger	60475
Streator	14-2695	2356 N. Bloomington Street	Streator	61364
Summit	14-2802	7319-7322 Archer Avenue	Summit	60501
Uptown	14-2692	4720 N. Marine Dr.	Chicago	60640
Waterloo	14-2789	624 Voris-Jost Drive	Waterloo	62298
Waukegan Harbor	14-2727	101 North West Street	Waukegan	60085
West Batavia	14-2729	2580 W. Fabyan Parkway	Batavia	60510
West Belmont	14-2523	4943 W. Belmont	Chicago	60641
West Chicago	14-2702	1859 N. Neltor	West Chicago	60185
West Metro	14-2536	1044 North Mozart Street	Chicago	60622
West Suburban	14-2530	518 N. Austin Blvd., 5th Floor	Oak Park	60302
West Willow	14-2730	1444 W. Willow	Chicago	60620
Westchester	14-2520	2400 Wolf Road, Ste. 101A	Westchester	60154
Williamson County	14-2627	900 Skyline Drive, Ste. 200	Marion	62959
Willowbrook	14-2632	6300 S. Kingery Hwy, Ste. 408	Willowbrook	60527
Zion	14-2841	1920-1920 N. Sheridan Road	Zion	60099

Certification & Authorization

Fresenius Medical Care Grayslake, LLC

In accordance with Section III, A (2) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby certify that no adverse actions have been taken against Fresenius Medical Care Grayslake, LLC by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities & Services Review Board; and

In regard to section III, A (3) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: [Signature]

ITS: Thomas D. Brouillard, Jr.
Assistant Treasurer

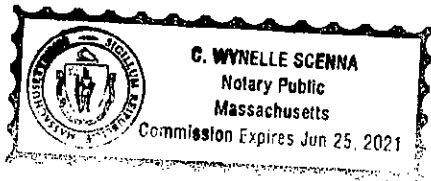
By: [Signature]

ITS: Bryan Mello
Assistant Treasurer

Notarization:
Subscribed and sworn to before me
this 10 day of July, 2018

C Wynelle Scenna
Signature of Notary

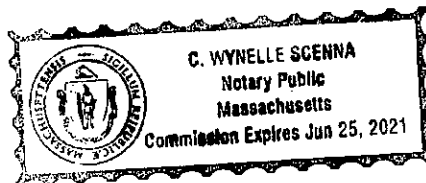
Seal



Notarization:
Subscribed and sworn to before me
this 2 day of July, 2018

C Wynelle Scenna
Signature of Notary

Seal



Certification & Authorization

Fresenius Medical Care Holdings, Inc.

In accordance with Section III, A (2) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby certify that no adverse actions have been taken against Fresenius Medical Care Holdings, Inc. by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities & Services Review Board; and

In regard to section III, A (3) of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby authorize the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of this subsection or to obtain any documentation or information that the State Board or Agency finds pertinent to this subsection.

By: *TDB*

ITS: Thomas D. Brouillard, Jr.
Assistant Treasurer

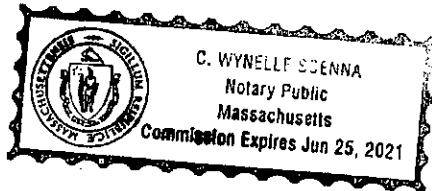
By: *J. Mello*

ITS: Bryan Mello
Assistant Treasurer

Notarization:
Subscribed and sworn to before me
this 10 day of July, 2018

C Wynelle Scenna
Signature of Notary

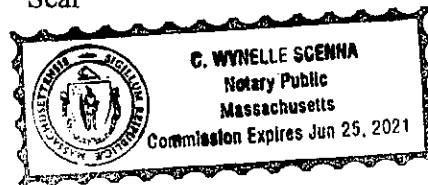
Seal



Notarization:
Subscribed and sworn to before me
this 2 day of July, 2018

C Wynelle Scenna
Signature of Notary

Seal



Criterion 1110.230 – Purpose of Project

The 10-station Fresenius Kidney Care Grayslake End Stage Renal Disease (ESRD) facility is being proposed to provide access centrally located where overall utilization of clinics within a 10-mile radius is at 82%, restricting ESRD patient access and severely limiting access to favored treatment schedule times. Of the 8 facilities within this radius, 6 are above 80%, 1 is just under 80% leaving just one clinic with limited capacity. Using data as of June 30, 2018, only 20 more patients will bring all clinics above 80%.

The facility will be in Grayslake in central Lake County, HSA 8. The market area it will serve is predominantly a 5-mile radius encompassing parts of Libertyville, Gurnee, Round Lake, Lindenhurst and other towns such as Gages Lake, Third Lake, Hainesville, Fremont Center and Round Lake Beach.

The closest facilities to Grayslake, Fresenius Round Lake, Gurnee and DaVita Waukegan have been operating at high utilization rates for many years at times requiring the operation of a 4th shift at night to accommodate additional patients. The Gurnee facility recently added 8 stations to reduce high utilization and remains just 4 patients away from 80%. The Fresenius Mundelein facility is operating at 82% after recently adding two stations. DaVita Lake Villa, a long-underutilized clinic, is now at 82%. Fresenius Waukegan Harbor and Lake Bluff also exceed 80%. High utilization creates access barriers with little or no choice of treatment shift times for new patients, transportation issues and loss of continuity of care if one must travel out of the area for access to treatment.

The goal of Fresenius Medical Care is to provide access to dialysis treatment in a health care market where ESRD is growing rapidly and dialysis clinics are near capacity leaving room for only 20 more patients before all clinics are above 80% capacity. There is no direct empirical evidence relating to this project other than that when chronic care patients have adequate access to services, it tends to reduce overall healthcare costs and results in less complications. The Grayslake facility will be part of the CMS End Stage Renal Disease Seamless Care Organization (ESCO). Results of the first year of the ESCO program in Illinois show improved quality, reduced hospitalizations and lower health care costs for patients participating in the program. The Grayslake facility is expected to have average quality outcomes similar to Lake County Fresenius facilities as listed below:

- 97% of patients had a URR \geq 65%
- 99% of patients had a Kt/V \geq 1.2
- 5-star CMS Rating

Demographic data contained in the application was taken from U.S. Census Bureau.

Clinic utilization was received from the HFSRB.

ESRD census data was received from The Renal Network 10

Alternatives

1) All Alternatives

A. Proposing a project of greater or lesser scope and cost.

The alternative of doing nothing and maintaining the status quo in central Lake County is not an option since it will not provide access in an area where the overall utilization is above the State standard at 82%. There is no cost to this alternative.

Expanding area clinics is an alternative that has already been acted upon. Fresenius has already expanded its clinics closest to Grayslake. These include Gurnee, Round Lake and Mundelein. The cost of these expansions combined were approximately \$180,000.

B. Pursuing a joint venture or similar arrangement with one or more providers of entities to meet all or a portion of the project's intended purposes' developing alternative settings to meet all or a portion of the project's intended purposes.

The preferred Fresenius model of ownership is for our facilities to be wholly owned, however we do enter into joint ventures on occasion. Fresenius Medical Care, in Illinois, always maintains control of the governance, assets and operations of a facility it enters into a joint venture agreement with to ensure financial stability. The ownership of this facility is structured so that it can become a joint venture if there is investment interest in the future. The cost of a joint venture would be the same as the current project, however split amongst joint venture partners.

C. Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project.

Dr. Munir and his partner Dr. Trob, part of the Associates in Nephrology practice group, have privileges and refer patients to both Fresenius and DaVita facilities in central Lake County where clinics are operating at 82% utilization overall making this option not viable into the future. Only 20 more patients will bring all area facilities above 80%. There is no cost to utilizing other clinics.

D. The only alternative that is going to provide access to a market where access is severely restricted due to high clinic utilization is to establish the 10-station Grayslake facility, which is centrally located to help alleviate over-utilization at Fresenius Round Lake and Gurnee, that have been overutilized for years despite station additions, and at Fresenius Mundelein that is just under 80% utilization. It will be approximately 2 years before the Grayslake facility is operating and the current high utilization will only increase, thereby eliminating access altogether. The cost of this project is \$6,113,914.

2) Comparison of Alternatives

	Total Cost	Patient Access	Quality	Financial
Maintain Status Quo	\$0	Lack of patient access treatment shift choices, risk of clinics needing to place patients on a 4 th shift that inconveniently ends at midnight and high travel times, loss of continuity of care if patients have to travel out of area.	Fresenius Kidney Care maintains quality values above industry standards. The Fresenius clinics in the 10-mile radius all have 4-5 stars in the CMS Star ratings. The same is expected for the Grayslake facility. Quality could decline with missed treatments if patients lose access to care in their health care market.	There would be no financial costs to patients unless they are forced to travel out of their health care market for access to treatment as access declines.
Pursue Joint Venture	\$6,113,914	Same as current proposed project, however cost would be divided among Joint Venture members.	Fresenius Kidney Care maintains quality values above industry standards. The Fresenius clinics in the 10-mile radius are all rated 4-5 stars in the CMS Star ratings. The same is expected for the Grayslake facility.	Fresenius Medical Care can meet its financial obligations without assistance. If the facility were a Joint Venture, Fresenius Kidney Care would maintain control of the facility.
Utilize Area Providers	\$0	Dr. Munir and Dr. Trob's patients currently are referred to Fresenius and DaVita facilities in central Lake County..	Fresenius Kidney Care maintains quality values above industry standards. The Fresenius clinics in the 10-mile radius are all rated 4-5 stars in the CMS Star ratings and participate in the CMS ESCO program which increases quality and lowers healthcare costs. The same is expected for the Grayslake facility.	There is not cost to Fresenius Kidney Care. Increased patient travel costs will be incurred as patients will have to travel further away to have access to treatment and shift choices.
Establish Fresenius Kidney Care Grayslake	\$6,113,914	Patients will have access dialysis services and shift choice availability for life saving treatment.	Fresenius Kidney Care maintains quality values above industry standards. The Fresenius clinics in the 10-mile radius are all rated 4-5 stars in the CMS Star ratings and participate in the CMS ESCO program which increases quality and lowers healthcare costs. The same is expected for the Grayslake facility. Patients will have access to participate in the CMS ESCO at the Grayslake facility as they do at the other Fresenius facilities in Lake County, which coordinates patient care improving quality.	This is an expense to Fresenius Kidney Care only. Patients will have access to participate in the CMS ESCO which improves quality while lowering health care costs.

3. Empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

There is no direct empirical evidence relating to this project other than that when chronic care patients have adequate access to services, it tends to reduce overall healthcare costs and results in less complications. The Grayslake facility will be part of the CMS End Stage Renal Disease Seamless Care Organization (ESCO). Results of the first year of the ESCO program in Illinois show improved quality, reduced hospitalizations and lower health care costs for dialysis patients participating in the program. The Grayslake facility is expected to have quality outcomes similar to the closest Fresenius facilities as listed below:

- 97% of patients had a URR \geq 65%
- 99% of patients had a Kt/V \geq 1.2

Criterion 1110.234, Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD 450-650 BGSF Per Station	DIFFERENCE	MET STANDARD?
ESRD IN-CENTER HEMODIALYSIS	6,024 (10 Stations)	4,500 – 6,500 BGSF	None	Yes
Non-clinical	1,635	N/A	N/A	N/A

The State Standard for ESRD is between 450 - 650 BGSF per station or 4,500 – 6,500 BGSF. The proposed 6,024 BGSF for the in-center hemodialysis space meets the State standard.

Criterion 1110.234, Project Services Utilization

UTILIZATION					
	DEPT/SERVICE	HISTORICAL UTILIZATION	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1	IN-CENTER HEMODIALYSIS	N/A New Facility	33%	80%	No
YEAR 2	IN-CENTER HEMODIALYSIS		80%	80%	Yes

Dr. Munir has identified 54 pre-ESRD patients who reside in the Grayslake area that are expected to be referred to the Grayslake facility in the first two years of operation. The facility is expected to reach the State utilization target of 80%. Calculation includes taking into account yearly patient attrition.

Zip Code	Total
60030	12
60031	7
60046	7
60048	9
60060	9
60073	8
60084	3
Total	54

Planning Area Need

A. Formula Need Calculation:

The proposed Fresenius Kidney Care Grayslake dialysis facility is located in Grayslake, IL which is in Lake County and HSA 8. According to the June 2018 Board inventory update, there is an excess of 43 stations in this HSA. However, the ratio of stations to population is 1 station per 4,256 residents indicating need in the 10-mile radius. Clinics included in the Grayslake service area are operating at a combined rate of 82% restricting access.

Planning Area Need – Service To Planning Area Residents:

A. The primary purpose of this project is to provide in-center hemodialysis services to the residents of Grayslake and surrounding central Lake County residents of HSA 8. All of the pre-ESRD patients identified to be referred to the Grayslake facility reside in HSA 8 thereby meeting this requirement.

HSA	County	City	Zip Code	Patients
8	Lake	Grayslake	60030	12
8	Lake	Gurnee	60031	7
8	Lake	Lake Villa	60046	7
8	Lake	Libertyville	60048	9
8	Lake	Mundelein	60060	9
8	Lake	Round Lake	60073	8
8	Lake	Wauconda	60084	3
			Total	54

ASSOCIATES IN NEPHROLOGY, S.C.

NEPHROLOGY AND HYPERTENSION

210 SOUTH DESPLAINES ST.

CHICAGO, IL 60661

July 27, 2018

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Dear Ms. Avery:

I am a nephrologist practicing in Lake County with Associates in Nephrology. My partner Dr. Trob, serves as Medical Director of the Fresenius Kidney Care Lake Bluff dialysis center. Due to the significant growth of ESRD I have seen in Lake County as evidenced by the high utilization rates of clinics in the area, I am in full support of the Fresenius Kidney Care Grayslake 10-station ESRD facility. The population in Lake County is aging and the demographics are changing leading to an increase in the diseases, specifically hypertension and diabetes, which lead to chronic kidney disease.

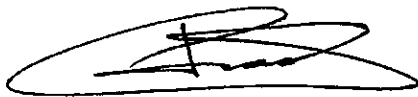
Most of my patients have been referred to Fresenius Lake Bluff, Round Lake, Mundelein and DaVita Lake Villa, but I also refer to Fresenius Antioch, Waukegan Harbor and to DaVita Lake County and Waukegan. Our practice essentially refers to all area clinics per the patient's choice and location of their residence. Most of these facilities have operated at high utilization rates for many years making it difficult to find a treatment shift for my patients at a time of day when they have available transportation.

AIN was treating 86 hemodialysis patients at the end of 2015, 139 patients at the end of 2016, 167 patients at the end of 2017, and 179 patients at the end of June 2018 as reported to The Renal Network. Over the past twelve months we have referred 57 new patients for hemodialysis treatment. There are 454 pre-ESRD patients in stages 3 & 4 of kidney failure in our practice who live in the Grayslake area. Of these, there are 54 that I expect to begin dialysis within the first two years after the Grayslake facility is operating who will be referred to that facility. This does not account for those patients who will be referred to facilities closer to their homes or those I refer for home dialysis, of which I am a strong proponent.

I respectfully ask the Board to approve Fresenius Kidney Care Grayslake to alleviate high utilization at area clinics and to keep access to dialysis treatment available to the rapidly growing ESRD population in this area. Thank you for your consideration.

I attest to the fact that to the best of my knowledge, all the information contained in this letter is true and correct and that the projected referrals in this document were not used to support any other pending or approved CON application.

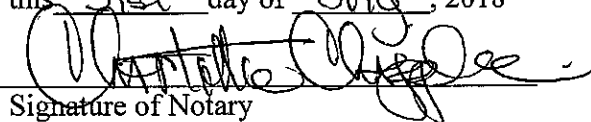
Sincerely,



Jawad Munir, M.D.

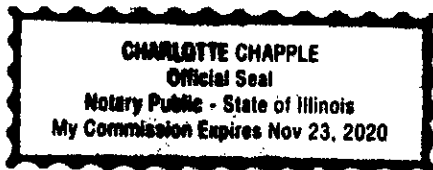
Notarization:

Subscribed and sworn to before me
this 31st day of July, 2018



Signature of Notary

Seal



**Pre-ESRD Patients AIN Expects to Refer to Fresenius Kidney Care Grayslake
In the first 24 months of operation**

Zip Code	Total
60030	12
60031	7
60046	7
60048	9
60060	9
60073	8
60084	3
Total	54

**New Referrals of AIN for the Past 12 Months
July 1, 2017 - June 30, 2018**

Zip Code	Fresenius Kidney Care						DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	Waukegan	
60002	1							2		3
60020					2			2		4
60030					1			2		3
60031					1					1
60041					1					1
60044			2				1			3
60046			1					1		2
60047								1		1
60048			1	2						3
60060				8			1			9
60064			2						2	4
60069				2						2
60073			1		3			1		5
60085		1	5						3	9
60087	1		2	1					1	5
60089							1			1
60099						1				1
Total	2	1	13	14	8	1	3	9	6	57

Patients of AIN 12/2015

Zip Code	Fresenius Kidney Care						DaVita		Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	
60002	3							2	5
60015							1		1
60020					1				1
60030			1	1	3			2	7
60031			5					1	6
60041				1					1
60042					1				1
60044			1						1
60045			1						1
60046					2			3	5
60047			2						2
60048			2				3		5
60051					1				1
60060			1	7			2		10
60061				3			3		6
60064			3			1			4
60073			1		6		1	3	11
60083			1						1
60085		1	6			1			8
60087			1						1
60088			1						1
60089				1					1
60096			1						1
60099	1		1		1				3
60142								1	1
60652					1				1
Total	4	1	28	13	16	2	10	12	86

Patients of AIN 12/2016

Zip Code	Fresenius Kidney Care					DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	
53140			1						1
60002	3							1	4
60010								1	1
60015							1		1
60020					1				1
60030			1	2	5			2	10
60031	1	2	4			1	1	1	11
60041				1					1
60042					1				1
60044			1						1
60045							1		1
60046			1		3			3	7
60048			2				1		3
60051			1						1
60060				11	1		1		13
60061				3			2		5
60064			5						5
60069							1		1
60073			1		14		1	6	22
60074		1							1
60083			1						1
60085			10			14		3	27
60087			1			1	1	1	4
60088			1						1
60089				1					1
60096			1			1			2
60099	1	2	1	1		2		2	9
60142							1		1
60171			1						1
60652					1				1
Total	5	5	33	19	26	19	9	16	139

Patients of AIN 12/2017

Zip Code	Fresenius Kidney Care						DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	Waukegan	
60002	3		1					3		7
60015							1			1
60016				1						1
60020					1			1		2
60030			2	1	6			1		10
60031	1	3	5		1	1	1	1		13
60042					1		1			2
60044			2				1			3
60046					2			2		4
60047				2				1		3
60048			2	2			1			5
60060				12			5			17
60061				4			1			5
60064			7						1	8
60069				2			1			3
60073			1	1	16		1	6		25
60074		1		1						2
60083		1	2							3
60084				1						1
60085		1	13			12			7	33
60087	1		1			2		1	1	6
60088			2							2
60089				1			1			2
60096			1			1				2
60099		1	1			2			1	5
60646			1							1
60652					1					1
Total	5	7	41	28	28	18	14	16	10	167

Patients of AIN 6/30/2018

Zip Code	Fresenius Kidney Care						DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	Waukegan	
53179			1							1
60002	4		1					3		8
60015							1			1
60020					1			2		3
60030			2	2	5			3		12
60031	1	5	6		1		1	1		15
60041					1					1
60042					1		1			2
60044			3							3
60046				1	2			3		6
60047				2						2
60048			3	3						6
60060				19			4			23
60061			1	3						4
60064			7						1	8
60069				2			1			3
60073			1	1	16		1	6		25
60074		1								1
60083		1	1			1				3
60084				1						1
60085		2	11			10			6	29
60087	1	1	2			1			3	8
60088			2							2
60089				1			1			2
60096			1			1				2
60099		1	1			3			2	7
60646			1							1
Total	6	11	44	35	27	16	10	18	12	179

Service Accessibility – Service Restrictions

The proposed Fresenius Kidney Care Grayslake facility will maintain access for residents of the Grayslake healthcare market where there is a disproportionate ratio of stations to population demonstrating need and facilities operating at high utilization rates. Average utilization of all area facilities is 82%. Although there is not a determined need for stations in HSA 8, access limitations exist as they pertain to overutilized existing facilities eliminating shift choice for new patients and the risk of 4th shift initiation as clinics reach capacity.

Existing Facilities

Grayslake is centrally located between Fresenius Gurnee and Round Lake, both of which have been operating at average utilizations beyond 80% for 5 years or more. (The Gurnee facility just opened 8 additional stations to reduce over utilization and remains only 4 patients away from an 80% utilization rate). It will also be central to Fresenius Mundelein which just added two stations yet is at 82% utilization. Patients in Grayslake will need to travel well beyond their market past several full clinics to find shift choice availability. This creates a loss of continuity of care as some may have to change physicians and, in an emergency, may end up at a hospital where their healthcare team does not round. Numerous transportation problems will also arise since most patients are dependent on either family members for rides to and from treatment or medical car transportation companies that do not operate past 4 p.m.

Population Demographics

Between 2000 and 2010 the Lake County population grew at 9% and projections to 2020 are remaining at 9%. This is higher than the State of Illinois overall rate of 3% and 2% projected. The elderly population more than doubled during this time. The elderly are more likely to require dialysis services as incidence of diabetes and hypertension increase with age. There were significant increases in minority populations who are also at a greater risk of kidney failure than the general population. There was an average 7% growth of ESRD in Lake County from 2013 – 2017. The Illinois ESRD Growth rate was only 3%.

Population Growth

	US Census		Projection
	2000	2010	2020
Lake County Population	644,356	703,462	764,397
Growth Rate	9%		9%
		Actual	Projected

	US Census		Projection
	2000	2010	2020
Illinois Population	12,419,293	12,830,632	13,129,233
Growth Rate	3%		2%
		Actual	Projected

Minority/Elderly Growth

Lake County That is:	US Census Bureau		USCB American
	2000	2010	2016
African American	7%	7%	7%
Hispanic	14%	20%	21%
> 65	9%	10%	12%

Grayslake Population That is:	US Census Bureau		USCB American
	2000	2010	2016
African American	1%	3%	3%
Hispanic	5%	9%	11%
>65	8%	14%	14%

County	Renal Network ESRD					ESRD Growth				Average Growth
	2013	2014	2015	2016	2017	13 vs 14	14 vs 15	15 vs 16	16 vs 17	
Lake	796	848	961	952	991	7%	13%	-1%	4%	7%

ESRD Statistics

Charts below from The Renal Network 10 Annual Report show the age groups and disease cause of those beginning dialysis treatment in 2017 in Illinois.

Network 10 Created 06/21/2018 ESRD Dialysis Prevalence - One Year Statistics

As of 01/01/2017 - 12/31/2017

Age Group	IL	Other	Total
00-04	15	1	16
05-09	10	1	11
10-14	11	1	12
15-19	26	2	28
20-24	147	3	150
25-29	323	7	330
30-34	470	7	477
35-39	695	7	702
40-44	928	22	950
45-49	1,407	17	1,424
50-54	1,700	20	1,720
55-59	2,211	23	2,234
60-64	2,638	40	2,678
65-69	2,746	38	2,784
70-74	2,470	32	2,502
75-79	1,992	25	2,017
80-84	1,465	22	1,487
>=85	1,091	16	1,107
Total	20,345	284	20,629

Ethnicity	IL	Other	Total
Hispanic or Latino	3,264	33	3,297
Not Hispanic or Latino	17,074	249	17,323
Not Specified	7	2	9
Total	20,345	284	20,629

Race	IL	Other	Total
American Indian/Alaska	6	1	7
Asian	749	7	756
Black or African Americ	7,559	95	7,654
More than one race self	33	1	34
Native Hawaiian or Othe	72	0	72
White	11,918	178	12,096
Not Specified	8	2	10
Total	20,345	284	20,629

Network 10

Created 06/21/2018

ESRD Incidence - One Year Statistics

As of 01/01/2017 - 12/31/2017

Primary Diagnosis	IL	Other	Total
Acute Kidney Failure	87	2	89
Cystic/Hereditary/Congenital Diseases	0	0	0
Cystic/Hereditary/Congenital/Other Diseases	113	2	115
Diabetes	2,109	51	2,160
Disorders of Mineral Metabolism	2	0	2
Genitourinary System	6	3	9
Glomerulonephritis	249	5	254
Hypertension/Large Vessel Disease	1,886	48	1,934
Interstitial Nephritis/Pyelonephritis	69	0	69
Miscellaneous Conditions	257	4	261
Neoplasms/Tumors	70	1	71
Secondary Glomerulonephritis/Vasculitis	81	0	81
Secondary GN/Vasculitis	0	0	0
Transplant Complications	22	0	22
Not Specified	23	0	23
Total	4,974	116	5,090

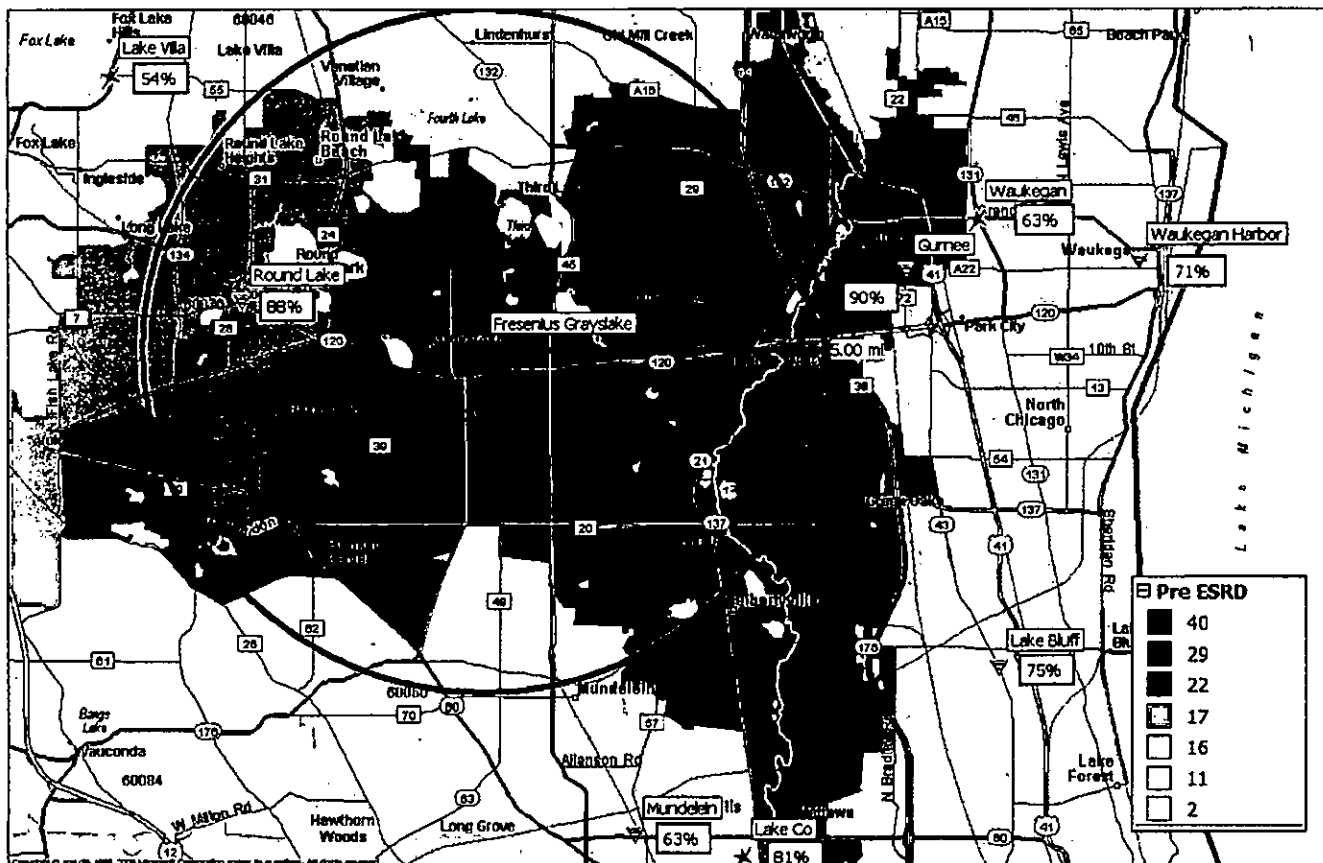
While Grayslake is not in a medically underserved area, there is a high percentage of patients who are Medicaid recipients. The two nearest Fresenius clinics that serve this area, Round Lake and Gurnee perform 11% and 21% Medicaid/Managed Medicaid reimbursed treatments respectively. Fresenius Medical Care participates in the following Managed Medicaid programs:

- Blue Cross/Blue Shield of Illinois
 - Harmony Health Plan
 - IlliniCare Health Plan
 - Meridian Health
 - IlliniCare Health Plan for DCFS youth
- Cook County Only
 - CountyCare Health Plan
 - NextLevel Health Plan

Facilities Within 10-Mile Distance Radius of Fresenius Grayslake

Facility	CMS 5-Star Rating	Address	City	Zip Code	Distance	June 30 2018			Patients to Reach 80%
						Stations	Patients	Utilization	
FKC Round Lake	5	401 Nippersink Ave	Round Lake	60073	4.65	16	83	86.46%	0
FKC Gurnee	5	50 Tower Court	Gurnee	60031	5.6	24	111	77.08%	4
DaVita Waukegan	3	3300 Grand Avenue	Waukegan	60085	6.4	24	142	98.61%	0
FKC Mundelein	5	1400 Townline Road	Mundelein	60060	6.84	14	69	82.14%	0
DaVita Lake County	5	565 Lakeview Parkway	Vernon Hills	60061	7.73	16	61	63.54%	16
DaVita Lake Villa	5	37809 Grand Avenue	Lake Villa	60046	8	12	59	81.94%	0
FKC Lake Bluff	4	101 Waukegan Road	Lake Bluff	60044	8	16	79	82.29%	0
FKC Waukegan Harbor	4	110 N West Street	Waukegan	60085	8.76	21	109	86.51%	0
Total/Avg						143	713	82.32%	20

Demographics of Pre-ESRD Patients & The Grayslake Market Area



Unnecessary Duplication/Maldistribution

Population Within a 10-mile distance

ZIP Code	Population
60002	24,299
60020	9,616
60030	36,056
60031	37,947
60041	9,250
60044	9,792
60045	20,925
60046	35,111
60047	41,669
60048	29,095
60051	25,192
60060	37,189
60061	25,748
60064	15,407
60069	8,384
60073	60,002
60083	9,838
60084	16,771
60085	71,714
60087	26,978
60088	15,761
60089	41,533
Total	608,277

1. The ratio of ESRD stations to population in the zip codes within a 10-mile distance radius of Fresenius Kidney Care Grayslake is 1 station per 4,254 residents according to the 2010 U.S Census. The State ratio is 1 station per 2,678 residents (based on 2015 US Census projections and the July 2018 Board station inventory).

This is more than one and one-half times the State ratio indicating a need for additional stations in the 10-mile radius.

2. There is not an absence of dialysis services in the Grayslake area but there are access issues as they relate to the 8 area clinics overall average utilization rate of 82%. Clinics operating over 80% utilization lack availability of shift choice for new patients who are generally required to treat on the least favorite shift that runs from late afternoon until approximately 8 pm. Dialyzing on this shift, unless by choice, limits patient's transportation options since medical transportation companies stop transporting after 4:00 p.m. This shift takes away patients' family time, while also placing a burden on family members.
3. The establishment of the Fresenius Kidney Care Grayslake facility will not create a maldistribution of services as the station to population ratio indicates a need and area clinics are operating above the State standard at an average 82% Utilization. There is only access for 20 more patients until all clinics are operating above 80%. While there may be excess stations in the HSA Planning area, there exists a "need" for additional stations in the 10-mile distance radius of the proposed Grayslake facility.

Facilities within 10-Miles Distance Radius of FKC Grayslake

Facility	CMS 5-Star Rating	Address	City	Zip Code	Distance	June 30 2018			Patients to Reach 80%
						Stations	Patients	Utilization	
FKC Round Lake	5	401 Nippersink Ave	Round Lake	60073	4.65	16	83	86.46%	0
FKC Gurnee	5	50 Tower Court	Gurnee	60031	5.6	24	111	77.08%	4
DaVita Waukegan	3	3300 Grand Avenue	Waukegan	60085	6.4	24	142	98.61%	0
FKC Mundelein	5	1400 Townline Road	Mundelein	60060	6.84	14	69	82.14%	0
DaVita Lake County	5	565 Lakeview Parkway	Vernon Hills	60061	7.73	16	61	63.54%	16
DaVita Lake Villa	5	37809 Grand Avenue	Lake Villa	60046	8	12	59	81.94%	0
FKC Lake Bluff	4	101 Waukegan Road	Lake Bluff	60044	8	16	79	82.29%	0
FKC Waukegan Harbor	4	110 N West Street	Waukegan	60085	8.76	21	109	86.51%	0
Total/Avg						143	713	82.32%	20

- 3 A. Fresenius Kidney Care Grayslake will not have an adverse effect on any other area ESRD provider in that the new patients identified for this facility are pre-ESRD patients of Associates in Nephrology (AIN). No patients have been identified to be transferred from any other facility. As well, the overall utilization of area clinics is above the State standard of 80%.
- B. Not applicable – the applicant is not a hospital; however, the utilization will not be lowered at any other ESRD facility due to the establishment of the Grayslake facility. No patients have been identified to transfer to the new facility and the physicians supporting this project will continue to refer patients to nearby clinics per the patient's choice.

Criterion 1110.1430 (e)(5) Medical Staff

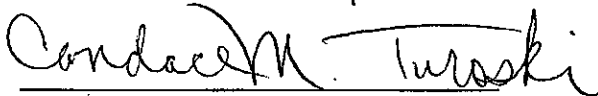
I am the Vice President of Operations over the Midwest Group of the West Division of Fresenius Medical Care North America. In accordance with 77 Il. Admin Code 1110.1430, and with regards to Fresenius Kidney Care Grayslake, I certify the following:

Fresenius Kidney Care Grayslake will be an "open" unit with regards to medical staff. Any Board Licensed nephrologist may apply for privileges at the Grayslake facility, just as they currently are able to at all Fresenius Kidney Care facilities.

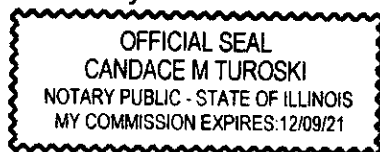

Signature

Teri Gurchiek/Vice President of Operations
Printed Name/Title

Subscribed and sworn to before me
this 12th day of Sept, 2018


Signature of Notary

Seal



Criterion 1110.1430 (e)(1) – Staffing

2) A. Medical Director

Dr. Jawad Munir will be the Medical Director for the proposed Fresenius Kidney Care Grayslake facility. Attached is his curriculum vitae.

B. All Other Personnel

Upon opening the facility will hire a Clinic Manager who is a Registered Nurse (RN) from within the company and will hire one Patient Care Technician (PCT). After we have more than one patient, we will hire another RN and another PCT.

Upon opening we will also employ:

- Part-time Registered Dietitian
- Part-time Licensed Master Level Social Worker
- Part-time Equipment Technician
- Part-time Secretary

These positions will go to full time as the clinic census increases. As well, the patient care staff will increase to the following:

- One Clinic Manager – Registered Nurse
- Four Full-Time Registered Nurses
- Ten Patient Care Technicians

- 3) All patient care staff and licensed/registered professionals will meet the State of Illinois requirements. Any additional staff hired must also meet these requirements along with completing a 9-week orientation training program through the Fresenius Medical Care staff education department.

Annually all clinical staff must complete OSHA training, Compliance training, CPR Certification, Skills Competency, CVC Competency, Water Quality training and pass the Competency Exam.

- 4) The above staffing model is required to maintain a 4 to 1 patient-staff ratio at all times on the treatment floor. A RN will be on duty at all times when the facility is in operation.

JAWAD MUNIR, MD, FACP1272 American Way
Libertyville, IL 60048

Tel: (847)549-7222

E-mail: drjawad73@gmail.com**EDUCATION**

- 1991-1997 **NISHTAR MEDICAL COLLEGE, MULTAN.**
M.B;B.S
- 1989-1991 **GOVT. COLLEGE, LAHORE.**
F.Sc. in Biology, Chemistry & Physics

ACADEMIC POSITIONS

- 2008 -2011 **ADJUNCT ASSISTANT PROFESSOR OF MEDICINE,**
UNIVERSITY OF KENTUCKY, LEXINGTON.

BOARD CERTIFICATIONS

- 2007 **BOARD CERTIFIED IN NEPHROLOGY**
- 2004 **BOARD CERTIFIED IN GERIATRIC MEDICINE**
- 2003 **BOARD CERTIFIED IN INTERNAL MEDICINE**

LICENSURE

- 2008 **STATE OF ILLINOIS PERMANENT LICENSE**

HONORS & AWARDS

- 2011 **FELLOW AMERICAN COLLEGE OF PHYSICIANS**
- 1999 **ATCO LAB. GOLD MEDAL IN MEDICINE**
- 1999 **COLLEGE SILVER MEDAL & CERTIFICATE OF MERIT**
(3rd Best Graduate of the University)

JAWAD MUNIR

WORK EXPERIENCE

- June 2011 – Present **NEPHROLOGY SPECIALISTS, LIBERTYVILLE.**
Attending Nephrologist
- Oct. 2007 -- May 2011 **WESTERN KENTUCKY KIDNEY SPECIALISTS,
PADUCAH.**
Attending Nephrologist
- July 2005 – June 2007 **WASHINGTON UNIVERSITY / BARNES - JEWISH
HOSPITAL, ST. LOUIS.**
Fellow, Division of Nephrology.
- July 2003 – June 2005 **WASHINGTON UNIVERSITY / BARNES - JEWISH
HOSPITAL, ST. LOUIS.**
Fellow, Division of Geriatrics.
- July 2000 - June 2003 **WASHINGTON UNIVERSITY / BARNES - JEWISH
HOSPITAL, ST. LOUIS.**
Intern/Resident, Department of Internal Medicine.
- June 1999 - Nov. 1999 **FATIMA MEDICAL CENTER, MULTAN.**
Senior Resident, Department of Internal Medicine.
- Dec. 1998 - May 1999 **NISHTAR HOSPITAL, MULTAN.**
Honorary Registrar, Medical Unit-1.
- Oct. 1997 - Oct. 1998 **NISHTAR HOSPITAL, MULTAN.**
Intern House Physician, Medical Unit-1.

JOURNAL ARTICLES

- 2008 **Munir, J. *Vitamin D Deficiency in Pre- and
Postmenopausal Women.***
Menopause Management. Vol. 17(5):10-21
- 2007 **Raj, G, Munir, J et al. *An Inpatient Rehabilitation Service
for Deconditioned Older Adults.***
Topics in Geriatric Rehabilitation. Vol. 23(2):126-36.
- 2006 **Munir, J et al. *A Quality Improvement study on Calcium
and Vitamin D Supplementation in Long Term Care.***
J Am Med Dir Assoc. Vol. 7(5):305-9.

JAWAD MUNIR

BOOK CHAPTERS

- 2010 **Munir, J. *Diseases of the Kidney and Urinary Tract* in
The Washington Manual TM of Outpatient Internal
Medicine (2nd Edition), LWW,PA.**
- 2008 **Munir J. *Disorders of Calcium Metabolism* in
The Washington Manual TM Subspecialty Series;
NEPHROLOGY (2nd Edition). LWW, PA.**
- 2008 **Munir J. *Disorders of Phosphorus Metabolism* in
The Washington Manual TM Subspecialty Series;
NEPHROLOGY (2nd Edition). LWW, PA.**
- 2004 **Munir J. *Urinary Tract Obstruction* in
The Washington Manual TM Subspecialty Series;
NEPHROLOGY (1st Edition). LWW, PA.**

INVITED LECTURES

- 2007 National Kidney Foundation 2007 Annual Spring Meeting.
Orlando, FL.
Mineral Metabolism and Issues Unique to The Elderly.
- 2006 The 3rd Annual National Kidney Foundation of Eastern
Missouri and Metro East & Council of Nephrology Social
Workers Educational Seminar. St. Louis, MO.
Vitamin D & Its Health Implications.
- 2006 The 4th Annual National Kidney Foundation of Eastern
Missouri and Metro East & Council of Renal Nutritionists
Educational Seminar. St. Louis, MO.
Mineral Metabolism & Unique Needs of The Elderly.

JAWAD MUNIR

ADMINISTRATIVE POSITIONS

2009- 2011 Member Pharmacy & Therapeutics Committee,
 Lourdes Hospital, Paducah.

RESEARCH EXPERIENCE

2009- 2011 Primary Investigator in two Multicenter Trials on
 Hyponatremia and Dialysis Access

PROFESSIONAL MEMBERSHIPS

- AMERICAN COLLEGE OF PHYSICIANS

Jawad Munir

Former Hospital Privileges:

Lourdes Hospital Resigned 10/07 - 05/11 Medicine
1530 Lone Oak Rd
Paducah KY 42003

Western Baptist Hospital Resigned 10/07 - 05/11 Medicine
2501 Kentucky Ave.
Paducah KY 42003

Jawad Munir, M.D.

Curriculum Vitae

Education:

Undergraduate School

Government College, Lahore
F. Sc in Biology, Chemistry & Physics
1989 - 1991

Medical School

Nishtar Medical College, Multan, Pakistan
M.B.; B.S.
1991 - 1997

Residency/Internship

Nishtar Hospital, Multan, Pakistan
Intern House Physician, Medical Unit-1
October 1997 - October 1998

Nishtar Hospital, Multan, Pakistan
Honorary Registrar, Medical Unit-1
December 1998 - May 1999

Fatima Medical Center, Multan, Pakistan
Senior Resident
Department of Internal Medicine
June 1999 - November 1999

Barnes-Jewish Hospital, St. Louis, MO
Department of Internal Medicine
July 2000 - June 2003

Professional Experience:

Jackson Purchase Medical Associates
Western Kentucky Kidney Specialists
Marshall Nemer Pavilion, Suite 315
Paducah, KY 42003
2007 - Present

Barnes-Jewish Hospital
Fellow, Division of Nephrology
St. Louis, MO
July 2005 – June 2007

Barnes-Jewish Hospital
Fellow, Division of Geriatrics
St. Louis, MO
July 2003 – June 2005

Hospital Staff:

Lourdes Hospital
Western Baptist Hospital

Board Certified:

Internal Medicine
Geriatric Medicine

Board Eligible:

Nephrology

Medical Licensure:

2007 Kentucky
2004 Missouri

Professional Organizations:

American Society of Nephrology
National Kidney Foundation
Renal Physicians Association

Honors and Awards:

Atco Lab Gold Medal in Medicine
College Silver Medal & Certificate of Merit
M. Hayat Zafar Silver Medal
Physician Curriculum Vitae
ATTACHMENT 24e

Journal Articles:

G. Raj, J. Munir, et al. "An Inpatient Rehabilitation Service for Deconditioned Older Adults." *Topics in Geriatric Rehabilitation*. Volume 23 (2): 126-136.

J. Munir, et al. "Association Between Vitamin D Deficiency & Frailty Syndrome" (Submitted for publication).

J. Munir, et al. "A Quality Improvement Study on Calcium and Vitamin D Supplementation in Long Term Care." *Journal American Medical Director Association*. Volume 7 (5) 305 – 309.

Book Chapters:

J. Munir, *Disorders of Calcium Metabolism in The Washington Manual™ Subspecialty Series; Nephrology (2nd Edition)*. LWW, PA. (In press)

J. Munir, *Disorders of Phosphorus Metabolism in The Washington Manual™ Subspecialty Series; Nephrology (2nd Edition)*. LWW, PA. (In press)

J. Munir, *Urinary Tract Obstruction in The Washington Manual™ Subspecialty Series; Nephrology (1st Edition)*. LWW.PA.

Hobbies:

Traveling and tennis

Criterion 1110.1430 (f) – Support Services

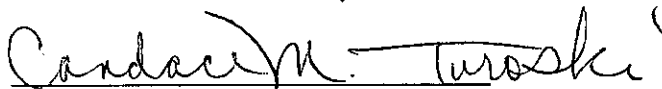
I am the Vice President of Operations for the Midwest Group of the West Division of Fresenius Medical Care North America. In accordance with 77 Il. Admin Code 1110.230, I certify to the following:

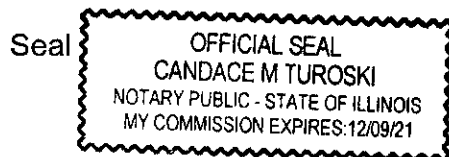
- Fresenius Medical Care utilizes a patient data tracking system in all its facilities.
- These support services will be available at Fresenius Kidney Care Grayslake during all six shifts:
 - Nutritional Counseling
 - Psychiatric/Social Services
 - Home/self training
 - Clinical Laboratory Services – provided by Spectra Laboratories
- The following services are provided via referral to Advocate Condell Medical Center, Libertyville:
 - Blood Bank Services
 - Rehabilitation Services
 - Psychiatric Services


Signature

Teri Gurchiek/Vice President of Operations
Name/Title

Subscribed and sworn to before me
this 12th day of Sept, 2018


Signature of Notary



Criterion 1110.1430 (g) – Minimum Number of Stations

Fresenius Kidney Care Grayslake is in the Chicago-Naperville-Joliet-Gary, IL-IN-WI Metropolitan Statistical Area (MSA). A minimum of eight dialysis stations is required to establish an in-center hemodialysis center in an MSA. Fresenius Kidney Care Grayslake will have 10 dialysis stations thereby meeting this requirement.

**TRANSFER AGREEMENT
BETWEEN
ADVOCATE CONDELL MEDICAL CENTER
AND
NATIONAL MEDICAL CARE, INC.**

THIS AGREEMENT is entered into this 26 day of March, 2014 between ADVOCATE CONDELL MEDICAL CENTER, an Illinois not-for-profit corporation, hereinafter referred to as "ACMC", and NATIONAL MEDICAL CARE, INC., hereinafter referred to as "NMC".

WHEREAS, ACMC is licensed under Illinois law as an acute care hospital and provides inpatient care, routine and emergency dialysis and emergency medical care;

WHEREAS, NMC is certified to operate as a renal dialysis facility under the the Medicare End Stage Renal Disease ("ESRD") Program and, if required, as a properly licensed medical facility under state laws and regulations;

WHEREAS, ACMC and NMC desire to cooperate in the transfer of patients between ACMC and NMC, when and if such transfer may, from time to time be deemed necessary and requested by the respective patient's physician, to facilitate appropriate patient care;

WHEREAS, the parties mutually desire to enter into a transfer agreement to provide for the medically appropriate transfer or referral of patients from NMC to ACMC, for the benefit of the community and in compliance with HHS regulations; and

WHEREAS, the parties desire to provide a full statement of their agreement in connection with the services to be provided hereunder.

NOW, THEREFORE, BE IT RESOLVED, that in consideration of the mutual covenants, obligations and agreements set forth herein, the parties agree as follows:

I. TERM

1.1 This Agreement shall be effective from the date it is entered into, and shall remain in full force and effect for an initial term of one (1) year. Thereafter, this Agreement shall be automatically extended for successive one (1) year periods unless terminated as hereinafter set forth. All the terms and provisions of this Agreement shall continue in full force and effect during the extension period(s).

II. TERMINATION

2.1 Either party may terminate this Agreement at any time with or without cause upon thirty (30) days prior written notice to the other party. Additionally, this Agreement shall automatically terminate should either party fail to maintain the licensure or certification necessary to carry out the provisions of this Agreement.

III. OBLIGATIONS OF THE PARTIES

3.1 NMC agrees:

a. That NMC shall refer and transfer patients to ACMC for medical treatment only when such transfer and referral has been determined to be medically appropriate by the patient's attending physician or, in the case of an emergency, the Medical Director for NMC, hereinafter referred to as the "Transferring Physician";

b. That the Transferring Physician shall contact ACMC's Emergency Department Nursing Coordinator prior to transport, to verify the transport and acceptance of the emergency patient by ACMC. The decision to accept the transfer of the emergency patient shall be made by ACMC's Emergency Department physician, hereinafter referred to as the "Emergency Physician", based on consultation with the member of ACMC's Medical Staff who will serve as the accepting attending physician, hereinafter referred to as the "Accepting Physician". In the case of the non-emergency patient, the Medical Staff attending physician will act as the Accepting Physician and must indicate acceptance of the patient. NMC agrees that ACMC shall have the sole discretion to accept the transfer of patients pursuant to this Agreement subject to the availability of equipment and personnel at ACMC. The Transferring Physician shall report all patient medical information which is necessary and pertinent for transport and acceptance of the patient by ACMC to the Emergency Physician and/or Accepting Physician;

c. That NMC shall be responsible for affecting the transfer of all patients referred to ACMC under the terms of this Agreement, including arranging for appropriate transportation, financial responsibility for the transfer in the event patient fails or is unable to pay, and care for the patient during the transfer. The Transferring Physician shall determine the appropriate level of patient care during transport in consultation with the Emergency Physician and/or Accepting Physician;

d. That pre-transfer treatment guidelines, if any, will be augmented by orders obtained from the Emergency Physician and/or Accepting Physician;

e. That, prior to patient transfer, the Transferring Physician is responsible for insuring that written, informed consent to transfer is obtained from the patient, the parent or legal guardian of a minor patient, or from the legal guardian or next-of-kin of a patient who is determined by the Transferring Physician to be unable to give informed consent to transfer; and

f. To maintain and provide proof to ACMC of professional and public liability insurance coverage in the amount of One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate with respect to the actions of its employees and agents connected with or arising out of services provided under this Agreement.

3.2 ACMC agrees:

a. To accept and admit in a timely manner, subject to bed availability, NMC patients referred for medical treatment, as more fully described in Section 3.1;

b. To accept patients from NMC in need of inpatient hospital care, when such transfer and referral has been determined to be medically appropriate by the patient's Transferring Physician at NMC;

c. That ACMC will seek to facilitate referral of transfer patients to specific Accepting Physicians when this is requested by Transferring Physicians and/or transfer patients;

d. That ACMC shall provide NMC patients with medically appropriate and available treatment provided that Accepting Physician and/or Emergency Physician writes appropriate orders for such services; and

e. To maintain and provide proof to NMC of professional and public liability insurance coverage in the amount of One Million Dollars (\$1,000,000.00) per occurrence and Three Million Dollars (\$3,000,000.00) in the aggregate with respect to the actions of its employees and agents connected with or arising out of services provided under this Agreement.

IV. GENERAL COVENANTS AND CONDITIONS

4.1 Release of Medical Information. In all cases of patients transferred for the purpose of receiving medical treatment under the terms of this Agreement, NMC shall insure that copies of the patient's medical records, including X-rays and reports of all diagnostic tests, accompany the patient to ACMC, subject to the provisions of applicable State and Federal laws governing the confidentiality of such information. Information to be exchanged shall include any completed transfer and referral forms mutually agreed upon for the purpose of providing the medical and administrative information necessary to determine the appropriateness of treatment or placement, and to enable continuing care to be provided to the patient. The medical records in the care and custody of ACMC and NMC shall remain the property of each respective institution.

4.2 Personal Effects. NMC shall be responsible for the security, accountability and appropriate disposition of the personal effects of patients prior to and during transfer to ACMC. ACMC shall be responsible for the security, accountability and appropriate disposition of the personal effects of transferred patients upon arrival of the patient at ACMC.

4.3 Indemnification. The parties agree to indemnify and hold each other harmless from any liability, claim, demand, judgment and costs (including reasonable attorney's fees) arising out of or in connection with the intentional or negligent acts of their respective employees and/or agents.

4.4 Independent Contractor. Nothing contained in this Agreement shall constitute or be construed to create a partnership, joint venture, employment, or agency relationship between the parties and/or their respective successors and assigns, it being mutually understood and agreed that the parties shall provide the services and fulfill the obligations hereunder as independent contractors. Further, it is mutually understood and agreed that nothing in this Agreement shall in any way affect the independent operation of either ACMC or NMC. The governing body of ACMC and NMC shall have exclusive control of the management, assets, and affairs at their respective institutions. No party by virtue of this Agreement shall assume any liability for any debts or obligations of a financial or legal nature incurred by the other, and neither institution shall look to the other to pay for service rendered to a patient transferred by virtue of this Agreement.

4.5 Publicity and Advertising. Neither the name of ACMC nor NMC shall be used for any form of publicity or advertising by the other without the express written consent of the other.

4.6 Cooperative Efforts. The parties agree to devote their best efforts to promoting cooperation and effective communication between the parties in the performance of services hereunder, to foster the prompt and effective evaluation, treatment and continuing care of recipients of these services.

4.7 Nondiscrimination. The parties agree to comply with Title VI of the Civil Rights Act of 1964, all requirements imposed by regulations issued pursuant to that title, section 504 of the Rehabilitation Act of 1973, and all related regulations, to insure that neither party shall discriminate against any recipient of services hereunder on the basis of race, color, sex, creed, national origin, age or handicap, under any program or activity receiving Federal financial assistance.

4.8 Affiliation. Each party shall retain the right to affiliate or contract under similar agreements with other institutions while this Agreement is in effect.

4.9 Applicable Laws. The parties agree to fully comply with applicable federal, and state laws and regulations affecting the provision of services under the terms of this Agreement.

4.10 Governing Law. All questions concerning the validity or construction of this Agreement shall be determined in accordance with the laws of Illinois.

4.11 Writing Constitutes Full Agreement. This Agreement embodies the complete and full understanding of APMC and NMC with respect to the services to be provided hereunder. There are no promises, terms, conditions, or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations, or agreements, either verbal or written, between the parties hereto. Neither this Agreement nor any rights hereunder may be assigned by either party without the written consent of the other party.

4.12 Written Modification. There shall be no modification of this Agreement, except in writing and exercised with the same formalities of this Agreement.

4.13 Severability. It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is held to be illegal by the courts or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

4.14 Notices. All notices required to be served by provisions of this Agreement may be served on any of the parties hereto personally or may be served by sending a letter duly addressed by registered or certified mail. Notices to be served on APMC shall be served at or mailed to: Advocate Condell Medical Center, 801 S. Milwaukee Avenue, Libertyville, Illinois 60048, Attention: President, with a copy to Senior Vice President and General Counsel, 3075 Highland Parkway, Downers Grove, IL 60515 unless otherwise instructed. Notices to be served on NMC shall be mailed to National Medical Care, Inc., 40-50 Tower Court, Gurnee, IL 60031, Attention: Area Manager, with a copy to Corporate Legal Department, Fresenius Medical Care North America, 920 Winter Street, Waltham, MA 02541-1457.

IN WITNESS WHEREOF, this Agreement has been executed by APMC and NMC on the date first above written.

ADVOCATE CONDELL MEDICAL CENTER

BY:



NAME: Dominica Tallarico

TITLE: President, Advocate Condell
Medical Center

NATIONAL MEDICAL CARE, INC.

BY:



NAME: Coleen Muldoon


TITLE: Regional Vice President

Criterion 1110.1430 (j) – Assurances

I am the Vice President of Operations of the Midwest Group of the West Division of Fresenius Medical Care North America. In accordance with 77 Il. Admin Code 1110.1430, and with regards to Fresenius Kidney Care Grayslake, I certify the following:

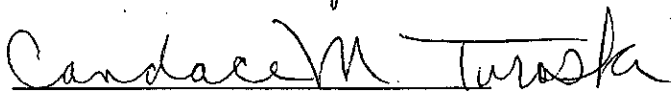
1. As supported in this application through expected referrals to Fresenius Kidney Care Grayslake in the first two years of operation, the facility is expected to achieve and maintain the utilization standard, specified in 77 Ill. Adm. Code 1100, of 80% and;
2. Fresenius Lake County facilities average 5 stars in the CMS 5-star rating system. Fresenius Kidney Care hemodialysis patients dialyzing at Lake County facilities have achieved average adequacy outcomes of:
 - o 97% of patients had a URR \geq 65%
 - o 99% of patients had a Kt/V \geq 1.2

and similar outcomes are expected for Fresenius Kidney Care Grayslake.

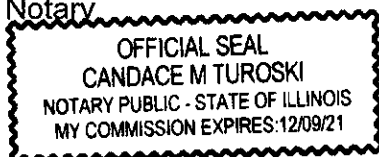

Signature

Teri Gurchiek/Vice President of Operations
Name/Title

Subscribed and sworn to before me
this 12th day of Sept, 2018


Signature of Notary

Seal



Health Property Services, Inc.

Corporate Real Estate Solutions

July 9, 2018

Attn: Miles Gateland
(781) 699-9994
Via email: Miles.Gateland@fmc-na.com

RE: A portion of Lot 2, SEC Rt. 120 at Rt45 Grayslake, IL 60030

Fresenius Medical Care Build-to-Suit – Letter of Intent

Dear Miles,

We are pleased to present to you this letter of intent. This letter is not intended to be a binding contract, a lease, or an offer to lease, but is intended only to provide the basis for negotiations of a lease document between Landlord and **Fresenius Medical Care Grayslake LLC** (“Tenant”).

Premises: 7,659 RENTABLE SQ building to be constructed and located at **Lot 2, SEC Rt. 120 at Rt45 Grayslake, IL 60030. See exhibit A attached of the site and space plan.**

(“Property”).

Landlord:	Health Property Services, or its Designated assignee
Tenant:	Fresenius Medical Care Grayslake, LLC,
Guarantor:	Fresenius Medical Care Holdings
Lease:	Landlord’s standard lease form.
Use:	Tenant shall use and occupy the Premises for the purpose of an outpatient dialysis facility and related office uses and for no other purposes except those authorized in writing by Landlord, which shall not be unreasonably withheld, conditioned or delayed. Tenant may operate on the Premises, at Tenant's option, on a seven (7) days a week, twenty-four (24) hours a day basis, subject to zoning and other regulatory requirements.
Primary Term:	15 years

Option Term(s): Three (3) Five (5) year options to renew the lease at 2% annual increase in base rent.

Base Rent over initial Term: Annual Rent: Starts at \$30.00sq. ft. and increases by 2% annual increase in Year 3 of the Primary Term

Taxes, Insurance & CAM: Tenant will reimburse Landlord

Utilities: Tenant will be responsible to pay for all of their own utilities.

Tenant's Share: 100%

Condition of Premises Upon Delivery: Landlord shall deliver the Premises to **Tenant** in a shell condition in accordance with agreed upon plans and specifications as defined in (**Exhibit A**). In addition, Landlord shall be responsible for all civil costs, parking infrastructure and any other development costs.

Rent Commencement Date: Tenant will not pay rent until the date that is the earlier of (a) the date that Tenant opens for business in the Premises, or (b) ninety (90) days after the Delivery Date.

Delivery Date: The date upon which Landlord's Work is substantially completed which is estimated to be 180 days after receipt of Landlord's building permit.

Construction Drawings For Landlord's Work: Landlord will agree upon issuance of the CON to have construction drawings no later than 90 days after CON is awarded and apply for building permits immediately thereafter.

Tenant's Work: Tenant shall construct improvements in the Premises and install Tenant's trade fixtures, equipment and personal property in order to make the Premises ready for Tenant's initial occupancy and use, subject to Landlord's approval of all plans and specifications for therefor.

Security Deposit: None,

Landlord Maintenance:

Landlord shall without expense to Tenant, maintain and make all necessary repairs to the structural portions of the Building to keep the building weather and water tight and structurally sound including, without limitation: foundations, structure, load bearing walls, exterior walls, the roof and roof supports, columns, structural retaining walls, gutters, downspouts, flashings and footings.

Signage:

Tenant may, at its sole cost and expense, install and maintain signs in and on the Premises to the maximum extent permitted by local law and subject to Tenant obtaining (i) all necessary private party approvals, if any, and governmental approvals, permits and licenses; and (ii) Landlord's prior written approval which will not be unreasonably withheld, and in accordance with Landlord's sign criteria (if applicable).

Confidentiality:

The parties hereto acknowledge the sensitive nature of the terms and conditions of this letter and hereby agree not to disclose the terms and conditions of this letter or the fact of the existence of this letter to any third parties and instead agree to keep said terms and conditions strictly confidential, disclosing them only to their respective agents, lenders, attorneys, accountants and such other directors, officers, employees, affiliates, and representatives who have a reason to receive such information and have been advised of the sensitive nature of this letter and as otherwise required to be disclosed by law.

Zoning and Restrictive Covenants:

Landlord will represent that the current property zoning is acceptable for use as outpatient dialysis facility and there is no other restrictive covenants imposed on the land/, owner, and/or municipality.

CON Contingency

Landlord and FMC understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, FMC cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless FMC obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). FMC agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said

application to obtain the CON permit from the Planning Board.

Acquisition Contingency:

Tenant acknowledges that Landlord is not the owner of the Land. Accordingly, the parties agree that the lease agreement shall contain a contingency provision which provides that Landlord's obligations under the lease agreement shall be subject to and contingent upon Landlord obtaining fee title to the Land and in the event that Landlord does not acquire fee title to the Land on or before the date which is 100 days after the date upon which the CON is obtained by Tenant then Tenant then either Landlord or Tenant may elect to terminate the lease agreement; provided, however, that in the event Tenant elects to terminate the lease agreement then Landlord shall have thirty (30) days from the date of Tenant's notice of election to terminate to satisfy the contingency at its election in which event Tenant's election to terminate shall be null and void. In the event the lease is terminated under this provision then each of the parties shall be released from its obligations and liability under the lease agreement.

The parties agree that this letter shall not be binding on the parties and does not address all essential terms of the lease agreement contemplated by this letter. Neither party may claim any legal right against the other by reason of any action taken in reliance upon this non-binding letter. A binding agreement shall not exist between the parties unless and until a lease agreement has been executed and delivered by both parties.

If you are in agreement with the foregoing terms, please execute and date this letter in the space provided below and return same to Landlord within five (5) business days from the date above.

Sincerely,

Bill Popken

Bill Popken
Health Property Service

Criterion 1120.310 Financial Viability

Financial Viability Waiver

This project is being funded entirely through cash and securities thereby meeting the criteria for the financial waiver.

2016 Financial Statements for Fresenius Medical Care Holdings, Inc. were submitted previously to the Board with #17-027, Fresenius Medical Care Sandwich. 2017 Financial Statements for Fresenius Medical Care Holdings, Inc. were submitted to the Board via email on August 14, 2018.

Criterion 1120.310 (c) Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod.	Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
ESRD		188.00			6,024			1,132,512	1,132,512
Contingency		18.00			6024			108,432	108,432
Total Clinical		206.00			6,024			1,240,944	1,240,944
Non Clinical		188.00			1,635			307,380	307,380
Contingency		18.00			1,635			29,430	29,430
Total Non		206.00			1,635			336,810	336,810
TOTALS		\$206.00			7,659			\$1,577,754	\$1,577,754

* Include the percentage (%) of space for circulation

Criterion 1120.310 (d) – Projected Operating Costs

Year 2021

Estimated Personnel Expense:	\$932,745
Estimated Medical Supplies:	\$168,483
Estimated Other Supplies (Exc. Dep/Amort):	\$821,648
	<u>\$1,922,876</u>
Estimated Annual Treatments:	8,294
Cost Per Treatment:	\$231.83

Criterion 1120.310 (e) – Total Effect of the Project on Capital Costs

Year 2021

Depreciation/Amortization:	\$100,050
Interest	<u>\$0</u>
Capital Costs:	\$100,050
Treatments:	8,294
Capital Cost per Treatment	\$12.06

Criterion 1120.310(a) Reasonableness of Financing Arrangements

Fresenius Medical Care Grayslake, LLC

The applicant is paying for the project with cash on hand, and not borrowing any funds for the project. However, per the Board's rules the entering of a lease is treated as borrowing. As such, we are attesting that the entering into of a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to buy the property and build a structure itself to house a dialysis clinic. Further, should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period.

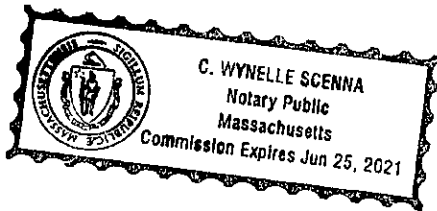
By: *TDJ*
ITS: Thomas D. Brouillard, Jr.
Assistant Treasurer

By: *Bryan Mello*
Bryan Mello
Assistant Treasurer
ITS: _____

Notarization:
Subscribed and sworn to before me
this 10 day of July, 2018

C Wynelle Scenna
Signature of Notary

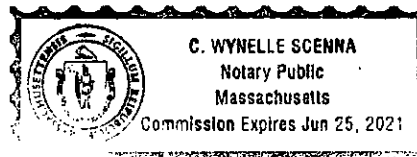
Seal



Notarization:
Subscribed and sworn to before me
this 2 day of July, 2018

C Wynelle Scenna
Signature of Notary

Seal



Criterion 1120.310(a) Reasonableness of Financing Arrangements

Fresenius Medical Care Holdings, Inc.

The applicant is paying for the project with cash on hand, and not borrowing any funds for the project. However, per the Board's rules the entering of a lease is treated as borrowing. As such, we are attesting that the entering into of a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to buy the property and build a structure itself to house a dialysis clinic. Further, should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period.

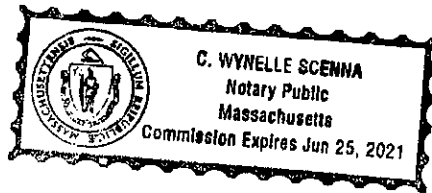
By: TD B
Title: Thomas D. Brouillard, Jr.
Assistant Treasurer

By: Bryant
Title: Bryan Mello
Assistant Treasurer

Notarization:
Subscribed and sworn to before me
this 10 day of July, 2018

C Wynelle Scenna
Signature of Notary

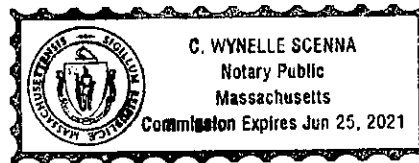
Seal



Notarization:
Subscribed and sworn to before me
this 2 day of July, 2018

C Wynelle Scenna
Signature of Notary

Seal



Criterion 1120.310(b) Conditions of Debt Financing

Fresenius Medical Care Grayslake, LLC

In accordance with 77 ILL. ADM Code 1120, Subpart D, Section 1120.310, of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby attest to the fact that:

There is no debt financing. The project will be funded with cash and leasing arrangements; and

The expenses incurred with leasing the proposed facility and cost of leasing the equipment is less costly than constructing a new facility or purchasing new equipment.

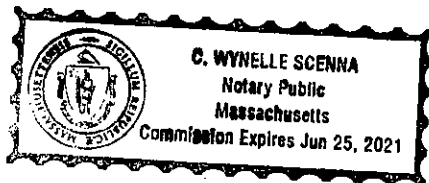
By: [Signature]
ITS: Bryan Melto
Assistant Treasurer

By: [Signature]
ITS: Thomas D. Bravillard, Jr.
Assistant Treasurer

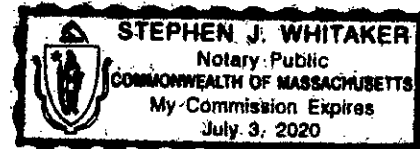
Notarization:
Subscribed and sworn to before me
this 11 day of July, 2018
C Wynelle Scenna
Signature of Notary

Notarization:
Subscribed and sworn to before me
this 11th day of July, 2018
[Signature]
Signature of Notary

Seal



Seal



Criterion 1120.310(b) Conditions of Debt Financing

Fresenius Medical Care Holdings, Inc.

In accordance with 77 ILL. ADM Code 1120, Subpart D, Section 1120.310, of the Illinois Health Facilities & Services Review Board Application for Certificate of Need; I do hereby attest to the fact that:

There is no debt financing. The project will be funded with cash and leasing arrangements; and

The expenses incurred with leasing the proposed facility and cost of leasing the equipment is less costly than constructing a new facility or purchasing new equipment.

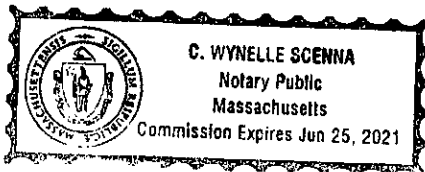
By: *TDJ*
ITS: Thomas D. Brouillard, Jr.
Assistant Treasurer

By: *B. Mello*
ITS: Bryan Mello
Assistant Treasurer

Notarization:
Subscribed and sworn to before me
this 10 day of July, 2018

C Wynelle Scenna
Signature of Notary

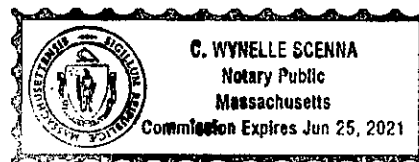
Seal



Notarization:
Subscribed and sworn to before me
this 2 day of July, 2018

C Wynelle Scenna
Signature of Notary

Seal



Safety Net Impact Statement

The 10-station Fresenius Kidney Care Grayslake facility will not have any impact on safety net services in the Grayslake area of Lake County. Outpatient dialysis services are not typically considered "safety net" services, however, we do provide care for patients in the community who are economically challenged and/or who are undocumented aliens, who do not qualify for Medicare/Medicaid, and who qualify for FMCNA Indigent Waiver policy. We assist patients who do not have insurance in enrolling when possible in Medicare, Medicaid for ESRD or insurance on the Healthcare Marketplace. Also, our social services department assists patients who have issues regarding transportation and/or who are wheel chair bound or have other disabilities which require assistance with respect to dialysis services and transport to and from the unit.

This application will not have an impact on any other safety net provider in the area, as no hospital within the area provides dialysis services on an outpatient basis.

Fresenius Medical Care North America is a for-profit publicly traded company and is not required to provide charity care, nor does it do so according to the CON Board's definition. However, Fresenius Kidney Care provides care to patients who do not qualify for any type of coverage for dialysis services. These patients are considered "self-pay" patients. They are billed for services rendered, and after three statement reminders the charges are evaluated to determine if criteria has been met for bad debt. Collection actions are not initiated unless the applicants are aware that the patient has substantial financial resources available and/or the patient has received reimbursement from an insurer for services we have rendered and has not submitted the payment for same to the applicants. Fresenius notes that as a for profit entity, it does pay sales, real estate and income taxes. It also does provide community benefit by supporting various medical education activities and associations, such as the Renal Network and National Kidney Foundation.

The table below shows the amount of "self-pay" care and Medicaid services provided for the 3 fiscal years prior to submission of the application for all Fresenius Kidney Care facilities in Illinois.

Safety Net Information per PA 96-0031			
CHARITY CARE (Self-Pay)			
Charity (# of patients) (Self-Pay)	2015	2016	2017
Out-patient Only	195	233	280
Total Charity (cost in dollars)	\$3,204,986	\$3,269,127	\$4,552,654
MEDICAID			
Medicaid (# of patients)	2015	2016	2017
Out-patient Only	396	320	328
Medicaid (revenue)	\$7,310,484	\$4,383,383	\$6,630,014
Total			
*As a for-profit corporation Fresenius does not provide charity care per the Board's definition. Numbers reported are self-pay. Self-pay balances are written off to bad debt. Medicare may reimburse a portion of bad debt as part of cost reporting.			

Note:

Medicaid reported numbers are impacted by the large number of patients who switch from Medicaid to a Medicaid Risk insurance (managed care plan) which pays similar to Medicaid. These patients are reported under commercial insurance however, in 2016 of our commercial patients we had 1,230 Medicaid Risk patients with Revenues of \$22,664,352.

Fresenius Medical Care North America - Community Care/Charity Care

Fresenius Medical Care North America is a for-profit publicly traded company and is not required to provide charity care, nor does it do so according to the CON Board's definition. However, Fresenius Kidney Care provides care to patients who do not qualify for any type of coverage for dialysis services. The following will document all the programs available to FMCNA patients to assist with any financial need for the provision of dialysis care.

Fresenius Medical Care North America (FMCNA) assists all our patients in securing and maintaining insurance coverage when possible.

Indigent Waiver Program

FMCNA has established an indigent waiver program to assist patients who are unable to obtain insurance coverage or who lack the financial resources to pay for medical services. This program is not advertised to patients, but is discussed with patients who have indicated a financial hardship and a need for Indigent Waiver consideration and have not qualified for any other available programs. In order to qualify for an indigent waiver, a patient must satisfy eligibility criteria for both annual income and net worth.

Annual Income: A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have an annual income in excess of four (4) times the Federal Poverty Standard in effect at the time. Patients whose annual income is greater than two (4) times the Federal Poverty Standard may qualify for a partial indigent waiver based upon a sliding scale schedule approved by the Office of Business Practices and Corporate Compliance.

Net Worth: A patient (including immediate family members who reside with, or are legally responsible for, the patient) may not have a net worth in excess of an amount of thirteen (13) times the Federal Poverty Standard (or such other amount as may be established by the Office of Business Practices and Corporate Compliance based on changes in the Consumer Price Index

The Company recognizes the financial burdens associated with ESRD and wishes to ensure that patients are not denied access to medically necessary care for financial reasons. At the same time, the Company also recognizes the limitations imposed by federal law on offering "free" or "discounted" medical items or services to Medicare and other government supported patients for the purpose of inducing such patients to receive ESRD-related items and services from FMCNA. An indigent waiver excuses a patient's obligation to pay for items and services furnished by FMCNA (or excuses a portion of the charges if patient qualifies for sliding scale discount when annual income is between 5 and 13 times the Federal Poverty Guideline). Patients may have dual coverage of AKF assistance (or other insurance coverage) and an Indigent Waiver if their financial status qualifies them for multiple programs.

IL Medicaid and Undocumented patients

FMCNA has a bi-lingual Regional Insurance Coordinator who works directly with Illinois Medicaid to assist patients with Medicaid applications. An immigrant who is unable to produce proper documentation will not be eligible for Medicaid unless there is a medical emergency. ESRD is considered a medical emergency.

The Regional Insurance Coordinator will petition Medicaid if patients are denied and assist undocumented patients through the application process to get them Illinois Medicaid coverage. This role is actively involved with the Medicaid offices and attends appeals to help patients secure and maintain their Medicaid coverage for all their healthcare needs, including transportation to their appointments. Patients who are not found to qualify may apply for the Indigent Waiver Program.

FMCNA Collection policy

FMCNA's collection policy is designed to comply with federal law while not penalizing patients who are unable to pay for services.

FMCNA does not use a collection agency for patient collections unless the patient receives direct insurance payment and does not forward the payment to FMCNA.

Patient Accounts are reviewed periodically for consideration of patient liability and to determine if the account meets criteria to be written off as bad debt (uncollected revenue).

Medicare and Medicaid Eligibility

Medicare: Patients are eligible for Medicare when they meet the following criteria: age 65 or older, under age 65 with certain disabilities, and people of all ages with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a kidney transplant) provided they have met the government work credit requirements.

There are three insurance programs offered by Medicare, Part A for hospital coverage, Part B for medical coverage and Part D for pharmacy coverage. Most people don't have to pay a monthly premium, for Part A. This is because they or a spouse paid Medicare taxes while working. If a beneficiary doesn't get premium-free Part A, they may be able to buy it if they (or their spouse) aren't entitled to Social Security, because they didn't work or didn't pay enough Medicare taxes while working, are age 65 or older, or are disabled but no longer get free Part A because they returned to work. Part B and Part D both have monthly premiums.

Medicare does allow members to enroll in Health Plans for supplemental coverage. Supplemental coverage (secondary) is any policy that pays balances after the primary pays reducing any out of pocket expenses incurred by the member.

Medicare will pay 80% of what is allowed by a set fee schedule. The patient would be responsible for the remaining 20% not paid by Medicare. The supplemental (secondary) policy covers the cost of co-pays, deductibles and the remaining 20% of charges.

Medicaid: Low-income Illinois residents who can't afford health insurance may be eligible for Medicaid. In addition to meeting federal guidelines, individuals must also meet the state criteria to qualify for Medicaid coverage in Illinois.

Self-Pay

A self-pay patient would not have any type of insurance coverage (un-insured). They may be un-insured because they do not meet the eligibility requirements for Medicare or Medicaid and can not afford a commercial insurance policy.

In addition, a patient balance becomes self-pay after their primary insurance pays, but the patient does not have a supplemental insurance policy to cover the remaining balance. The AKF assistance referenced earlier may or may not be available to these patients, dependent on whether they meet AKF eligibility requirements.

Patients who are self-pay are eligible to apply for the Indigent Wavier Program or any other insurance assistance. Self-pay patient accounts are reviewed on a periodic basis for consideration of patient liability and to determine if the account meets the criteria to be written off to bad debt (uncollected revenue).

CHARITY CARE			
	2015	2016	2017
Net Patient Revenue	\$438,247,352	\$449,611,441	\$460,678,799
Amount of Charity Care (charges)	\$3,204,986	\$3,269,127	\$4,552,654
Cost of Charity Care	\$3,204,986	\$3,269,127	\$4,552,654

*As a for-profit corporation Fresenius does not provide charity care per the Board's definition. Numbers reported are self-pay. Self-pay balances are written off to bad debt. Medicare may reimburse a portion of bad debt as part of cost reporting.

ASSOCIATES IN NEPHROLOGY, S.C.

NEPHROLOGY AND HYPERTENSION

210 SOUTH DESPLAINES ST.

CHICAGO, IL 60661

July 27, 2018

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 W. Jefferson St., 2nd Floor
Springfield, IL 62761

Dear Ms. Avery:

I am a nephrologist practicing in Lake County with Associates in Nephrology. My partner Dr. Trob, serves as Medical Director of the Fresenius Kidney Care Lake Bluff dialysis center. Due to the significant growth of ESRD I have seen in Lake County as evidenced by the high utilization rates of clinics in the area, I am in full support of the Fresenius Kidney Care Grayslake 10-station ESRD facility. The population in Lake County is aging and the demographics are changing leading to an increase in the diseases, specifically hypertension and diabetes, which lead to chronic kidney disease.

Most of my patients have been referred to Fresenius Lake Bluff, Round Lake, Mundelein and DaVita Lake Villa, but I also refer to Fresenius Antioch, Waukegan Harbor and to DaVita Lake County and Waukegan. Our practice essentially refers to all area clinics per the patient's choice and location of their residence. Most of these facilities have operated at high utilization rates for many years making it difficult to find a treatment shift for my patients at a time of day when they have available transportation.

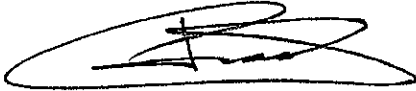
AIN was treating 86 hemodialysis patients at the end of 2015, 139 patients at the end of 2016, 167 patients at the end of 2017, and 179 patients at the end of June 2018 as reported to The Renal Network. Over the past twelve months we have referred 57 new patients for hemodialysis treatment. There are 454 pre-ESRD patients in stages 3 & 4 of kidney failure in our practice who live in the Grayslake area. Of these, there are 54 that I expect to begin dialysis within the first two years after the Grayslake facility is operating who will be referred to that facility. This does not account for those patients who will be referred to facilities closer to their homes or those I refer for home dialysis, of which I am a strong proponent.

I respectfully ask the Board to approve Fresenius Kidney Care Grayslake to alleviate high utilization at area clinics and to keep access to dialysis treatment available to the rapidly growing ESRD population in this area. Thank you for your consideration.

Physician Referral Letter
APPENDIX - 1

I attest to the fact that to the best of my knowledge, all the information contained in this letter is true and correct and that the projected referrals in this document were not used to support any other pending or approved CON application.

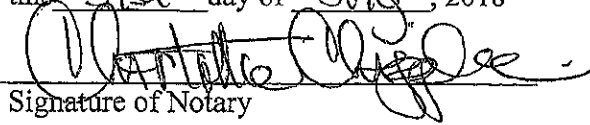
Sincerely,



Jawad Munir, M.D.

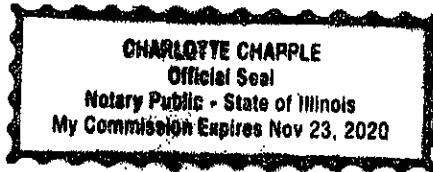
Notarization:

Subscribed and sworn to before me
this 31st day of July, 2018



Signature of Notary

Seal



**Pre-ESRD Patients AIN Expects to Refer to Fresenius Kidney Care Grayslake
In the first 24 months of operation**

Zip Code	Total
60030	12
60031	7
60046	7
60048	9
60060	9
60073	8
60084	3
Total	54

**New Referrals of AIN for the Past 12 Months
July 1, 2017 - June 30, 2018**

Zip Code	Fresenius Kidney Care						DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	Waukegan	
60002	1							2		3
60020					2			2		4
60030					1			2		3
60031					1					1
60041					1					1
60044			2				1			3
60046				1				1		2
60047								1		1
60048			1	2						3
60060				8			1			9
60064			2						2	4
60069				2						2
60073			1		3			1		5
60085		1	5						3	9
60087	1		2	1					1	5
60089							1			1
60099						1				1
Total	2	1	13	14	8	1	3	9	6	57

Patients of AIN 12/2015

Zip Code	Fresenius Kidney Care						DaVita		Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	
60002	3							2	5
60015							1		1
60020					1				1
60030			1	1	3			2	7
60031			5					1	6
60041				1					1
60042					1				1
60044			1						1
60045			1						1
60046					2			3	5
60047			2						2
60048			2				3		5
60051					1				1
60060			1	7			2		10
60061				3			3		6
60064			3			1			4
60073			1		6		1	3	11
60083			1						1
60085		1	6			1			8
60087			1						1
60088			1						1
60089				1					1
60096			1						1
60099	1		1		1				3
60142								1	1
60652					1				1
Total	4	1	28	13	16	2	10	12	86

Patients of AIN 12/2016

Zip Code	Fresenius Kidney Care						DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	Waukegan	
53140			1							1
60002	3							1		4
60010								1		1
60015							1			1
60020					1					1
60030			1	2	5			2		10
60031	1	2	4			1	1	1	1	11
60041				1						1
60042					1					1
60044			1							1
60045							1			1
60046			1		3			3		7
60048			2				1			3
60051			1							1
60060				11	1		1			13
60061				3			2			5
60064			5							5
60069							1			1
60073			1		14		1	6		22
60074		1								1
60083			1							1
60085			10			14		3		27
60087			1			1		1	1	4
60088			1							1
60089				1						1
60096			1			1				2
60099	1	2	1	1		2			2	9
60142								1		1
60171			1							1
60652					1					1
Total	5	5	33	19	26	19	9	16	7	139

Patients of AIN 12/2017

Zip Code	Fresenius Kidney Care						DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	Waukegan	
60002	3		1					3		7
60015							1			1
60016				1						1
60020					1			1		2
60030			2	1	6			1		10
60031	1	3	5		1	1	1	1		13
60042					1		1			2
60044			2				1			3
60046					2			2		4
60047				2				1		3
60048			2	2			1			5
60060				12			5			17
60061				4			1			5
60064			7						1	8
60069				2			1			3
60073			1	1	16		1	6		25
60074		1		1						2
60083		1	2							3
60084				1						1
60085		1	13			12			7	33
60087	1		1			2		1	1	6
60088			2							2
60089				1			1			2
60096			1			1				2
60099		1	1			2			1	5
60646			1							1
60652					1					1
Total	5	7	41	28	28	18	14	16	10	167

Patients of AIN 6/30/2018

Zip Code	Fresenius Kidney Care						DaVita			Total
	Antioch	Gurnee	Lake Bluff	Mundelein	Round Lake	Waukegan Harbor	Lake County	Lake Villa	Waukegan	
53179			1							1
60002	4		1					3		8
60015							1			1
60020					1			2		3
60030			2	2	5			3		12
60031	1	5	6		1		1	1		15
60041					1					1
60042					1		1			2
60044			3							3
60046				1	2			3		6
60047				2						2
60048			3	3						6
60060				19			4			23
60061			1	3						4
60064			7						1	8
60069				2			1			3
60073			1	1	16		1	6		25
60074		1								1
60083		1	1			1				3
60084				1						1
60085		2	11			10			6	29
60087	1	1	2			1			3	8
60088			2							2
60089				1			1			2
60096			1			1				2
60099		1	1			3			2	7
60646			1							1
Total	6	11	44	35	27	16	10	18	12	179



**FRESENIUS
KIDNEY CARE**

Fresenius Kidney Care

3500 Lacey Road, Downers Grove, IL 60515
T 630-960-6807 F 630-960-6812
Email: lori.wright@fmc-na.com

October 15, 2018

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson Street, 2nd Floor
Springfield, IL 62761

Re: Fresenius Kidney Care Grayslake

Dear Ms. Avery,

I am submitting the attached application for consideration by the Illinois Health Facilities and Services Review Board. A filing fee of \$2500.00 payable to the Illinois Department of Public Health will be submitted via overnight delivery to arrive October 16, 2018.

Upon your staff's initial review of the enclosed application, please notify me of the total fee and the remaining fee due in connection with this application and I will arrange for payment of the remaining balance.

I believe this application conforms with the applicable standards and criteria of Part 1110 and 1120 of the Board's regulations. Please advise me if you require anything further to deem the enclosed application complete.

Sincerely,

Lori Wright
Senior CON Specialist